DOCUMENT RESUME

ED 446 537 HE 033 372

| | |
|---|---|
| AUTHOR | Neville, Kate |
| TITLE | The Quest for Diversity without Racial Preferences: Higher Education after Hopwood. Special Report. |
| INSTITUTION | Texas State Legislature, Austin. Senate Research Center. |
| PUB DATE | 1999-04-00 |
| NOTE | 30p. |
| AVAILABLE FROM | Senate Research Center, Sam Houston Building, Room 575, P.O. Box 12068, Austin, TX 78711. 512-463-0087; Fax: 512-463-1271. |
| PUB TYPE | Reports - Descriptive (141) |
| EDRS PRICE | MF01/PC02 Plus Postage. |
| DESCRIPTORS | Black Students; *College Admission; *Diversity (Student); Elementary Secondary Education; Enrollment Trends; Federal Aid; Higher Education; Hispanic American Students; Minority Groups; *Selective Admission; Socioeconomic Status; State Aid; State Legislation; *Student Financial Aid |
| IDENTIFIERS | African Americans; *Hopwood v Texas |

ABSTRACT

After the Supreme Court declined to hear the Hopwood case in 1996, Texas became one of the first states forced to consider how to promote diversity in higher education without giving preferences by race and ethnicity in student aid and admissions. The situation in Texas may change as the Hopwood decision is reviewed by several entities, though currently, Hopwood and its interpretation by the Attorney General remain the law, and similar restrictions are being implemented nationwide. Promoting diversity in higher education poses challenges for Texas, and although the Hopwood decision concerned students denied admission to the University of Texas Law School, it has been applied to all public undergraduate and graduate higher education statewide. This report highlights undergraduate admissions and aid as follows: "Hopwood Developments"; "Past Legislative Action in Texas Re: Hopwood and Financial Aid"; "Results and Recommendations of Studies Conducted in Texas" (shift to socioeconomic factors and need for improved K-12 capacity, higher education outreach, and additional financial aid); "Federal Financial Aid"; "Other States' Financial Aid Programs"; "Federal Outreach Programs"; "Other States' Outreach Programs"; "Post-Hopwood UT and A&M Aid and Outreach"; "Pending Texas Legislation"; and "Challenges of Retention, K-12 Preparation, and Financing." (Contains 65 references.) (SM)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 446 537

April 1999

# SPECIAL REPORT

## THE QUEST FOR DIVERSITY WITHOUT RACIAL PREFERENCES:

## HIGHER EDUCATION AFTER HOPWOOD

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

J. valentine

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

SENATE RESEARCH CENTER

Sam Houston Bldg. • Room 575 • P.O. Box 12068 • Austin, Texas 78711 • (512) 463-0087 • Fax (512) 463-1271 • TDD 1-800-735-2989

HE033275



BEST COPY AVAILABLE

# The Quest for Diversity Without Racial Preferences: Higher Education After Hopwood

## Executive Summary

After the Supreme Court declined to hear the Hopwood case in 1996 and the Attorney General's interpretation of that decision, Texas became one of the first states forced to consider how to promote a diverse higher education student population without giving preferences in considering race and ethnicity in aid and admissions in its public universities. Although Texas is one of the first states to face this challenge, it is not alone. Since California passed Proposition 209 in 1996, eighteen states have considered new affirmative action legislation, with many specifically targeting higher education, and lawsuits have been filed in several states challenging the constitutionality of affirmative action in education.

The situation in Texas may change as the Hopwood decision is being reviewed by several entities. The court decision held that a finding of specific discrimination in the recent past by the legislature or an institution would allow the narrowly tailored use of racial preferences to address any continuing vestiges of that discrimination; the federal Office of Civil Rights is continuing to study whether the absence of racial preferences in Texas violates Title VI; the legislature has recently asked the newly elected Attorney General to review the case to determine whether the ruling does in fact prohibit racial preferences in financial aid; the University of Texas (UT) and the Attorney General recently filed a brief asking the Fifth Circuit to overturn its 1996 decision; and as litigation in other states progresses, the U.S. Supreme Court may issue a ruling that could overturn or modify the Hopwood decision. At the moment, however, Hopwood and its interpretation by the previous Attorney General remain the law in the state, and similar restrictions are increasingly being implemented across the country.

Promoting diversity in higher education poses a challenge for Texas, and although the Hopwood decision concerned students denied admission to the UT law school, it has been applied to all public undergraduate and graduate higher education in the state. Since without an undergraduate degree, no one can get into graduate school, this report will focus on undergraduate admissions and aid. Texas has been ranked 48th in the percent of students who graduate from its institutions of higher education. Controversy continues over accurately measuring the high school dropout rate, but it has been estimated as one of the highest in the country. Far fewer of those who graduate from high school attend college than the national average, and of those students who do enroll in higher education, only 49 percent graduate overall, with rates of only 36 percent for Hispanics and 27 percent for African-Americans.

The existing situation is complicated by the prediction that in the foreseeable future, the Texas population will have a majority of ethnic minorities. If nothing is done to increase the percentage of minorities attending higher education as their populations in the state increase, it is estimated that Texas will experience declining household income with low-income households below $25,000, increasing from 47 percent in 1990 to 53.7 percent in 2030. A higher number of low-income households means an increased burden on the state to provide social services and aid as well as a lower tax base from which to draw.

Lack of financial support for higher education students further restricts the number of minority students entering higher education. Texas invests fewer state dollars per student in higher education than many other states. When aid is given, 76 percent of it is in the form of loans, compared to 59 percent nationally, with higher proportions of minorities requiring assistance than white students. In addition, most aid programs do not cover the full "cost of attendance," a defined term including living expenses and room and board that students must pay for in addition to tuition, fees and books, to get a college degree.

The lack of a diverse higher education student population has been an ongoing problem for Texas, even when racial preferences were allowed. Before Hopwood, the only two public higher education institutions in the state that used racial preferences in admissions were the flagship schools, UT and Texas A&M University (A&M). In 1997, after the Hopwood decision was in effect for the first time, both UT and A&M reported significant declines in offers and enrollments in the incoming freshman class for African-

# Higher Education After Hopwood

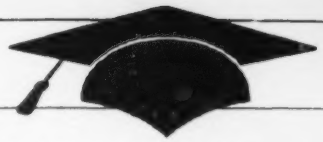
Americans and Hispanics: between 1995 and 1997, African-American and Hispanic enrollment dropped from 19 percent to 14 percent of total enrollment at UT and A&M.

It is important to note, however, that both universities had been reporting decreases in first-time freshman enrollments for African-Americans since 1994 and for Hispanics since 1995, before Hopwood. This year both UT and A&M reported increased applications from both African- Americans and Hispanics for the freshman class. The universities attribute the rise to new outreach activities and scholarships targeting students attending previously under-represented high schools. The number of freshmen minorities admitted to UT increased this year over last, but this number decreased at A&M. For scholarships previously targeting minority populations exclusively and now using alternative criteria, at A&M the percentage of minority recipients substantially exceeded the percentage of minority applicants for the scholarships, and at UT where all students admitted to the incoming freshman class are eligible for such scholarships, minorities received the scholarships at a substantially higher rate than whites.

The Hopwood decision took away certain tools used to promote a diverse higher education student population, but the case has drawn significant attention to the need for additional means to achieve an educated diverse population. So far, the shift in admission preferences and aid has primarily been from race and ethnicity to socioeconomic status, and a number of substantial outreach efforts have developed, targeting low-income populations both in high schools and at an earlier age, to better prepare students for college level work. Texas has thus far provided state funds for both aid and outreach activities, however, at a lower level than other states funding similar efforts. Funding proposals this session provide substantial increases for these activities as well as for improving K-12 education.

In contrast to a court ruling against a Texas university, as in Hopwood, the California legislature enacted a law expanding a policy adopted by the University of California Board of Regents prohibiting affirmative action. Nevertheless, California is the one state before Texas that had to examine tools other than affirmative action to promote a diverse higher education student population. At the University of California system, it was determined that concentrating on high schools with low SAT scores would ultimately diversify UC, and the university implemented a multi-pronged outreach plan that the state funded at $38.5 million annually with restrictions that the money be spent specifically on outreach programs. The most recent change in UC's admission policy was actually modeled to some extent on Texas H.B. 588's ten percent rule, but the California policy requires college preparatory classes. The move prompted many education commentators to air their concerns about the effectiveness of such actions in increasing diversity, students taking easier coursework, setting up students from weak schools who are not prepared to perform college level work for failure, decreasing student quality at top schools, and excluding students at stronger schools who just miss the top percentage ranking, but are qualified to do college work.

# Higher Education After Hopwood

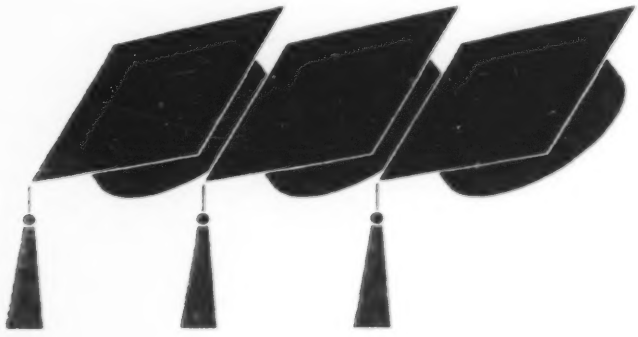


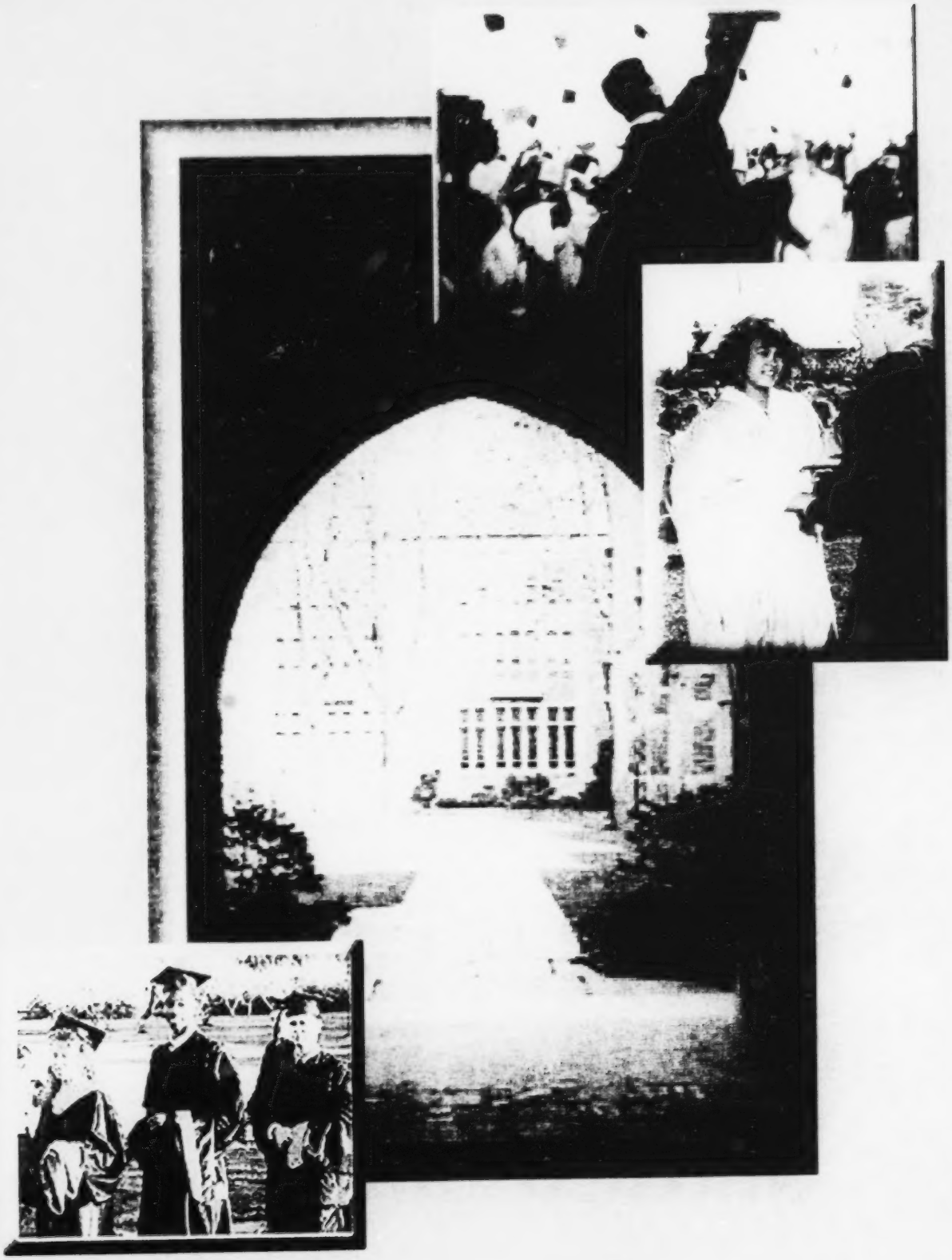
In the arena of student financial aid, Georgia has become widely known for its successful state financial aid program. HOPE has given benefits to 400,000 students since the fall of 1994 and has become a $705 million program so popular that state voters protected it with a constitutional amendment last fall. The number of students receiving both Pell grants and the book allowance from HOPE has increased by 45 percent since 1994. It seems that the heavy recruitment involved in the HOPE program has resulted in low-income students applying for aid for which they can qualify.

Since the issue has become more widespread, the federal government has modeled several programs on state outreach activities and has created a financial aid program named after the Georgia HOPE program. While individual campuses in Texas have implemented some of the outreach programs and access some aid through programs for students in financial need, Texas could take more advantage of those programs, as well as leverage its proportional share of federal financial aid dollars.

The need for improved preparation at the K-12 level or for remedial education at the college level, as well as the necessity of addressing retention, complicate the effectiveness of efforts Texas has made to promote diversity in higher education, which, if fully implemented, would require further additional funds. The 75th Legislature took steps to address the state's higher education needs with the first increase for higher education funding in ten years, and several proposed bills this session would expand funding to strengthen K-12 education, and potentially could increase higher education outreach programs. While improving preparation in K-12 education is of course preferable, whether students are prepared for and informed about college at the K-12 level or by higher education institutions, it remains clear that substantial additional funding for student financial aid grants, at least to reach the national average, remains necessary if more Texas citizens, particularly as the state reflects greater diversity, are to graduate from institutions of higher education. This session, a version of the HOPE scholarship program has passed the Senate, but the proposed funding allocation, while a large increase for Texas, remains far below Georgia's programs and below recommendations of studies conducted in Texas.

Promoting diversity in higher education still presents a long-term challenge for Texas, and while Hopwood has taken away some of the tools to accomplish that goal, it has potentially provided some others by focusing attention on the great needs of the state in higher education. Although no single criterion or combination of criteria will result in the same level of minority participation as using the criteria of race and ethnicity, even if the Hopwood restrictions cease to apply, improved K-12 education, increased student financial aid for higher education, and outreach and retention activities targeted to previously under-represented populations defined by socioeconomic status and other factors can go a long way towards producing an educated diverse population in Texas. While steps have been taken in this direction and several pending proposals this session provide substantial increases for K-12 and higher education funding, given Texas' current low rankings and growing minority populations, success will require a serious ongoing commitment of resources.





# The Quest for Diversity Without Racial Preferences: Higher Education After Hopwood

## TABLE OF CONTENTS


Hopwood Developments ..... 8

Past Legislative Action in Texas Re Hopwood and Financial Aid ..... 9

Results and Recommendations of Studies Conducted in Texas ..... 10

- Shift to Socioeconomic Factors ..... 10
- Need for Improved Capacity of K-12 and for Higher Education Outreach ..... 13
- Need for Additional Financial Aid ..... 14

Federal Financial Aid ..... 15

Other States' Financial Aid Programs ..... 15

Federal Outreach Programs ..... 18

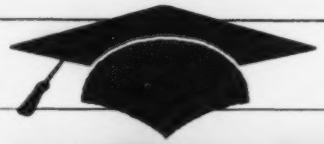
Other States' Outreach Programs ..... 18

Post-Hopwood UT and A&M Aid and Outreach ..... 20

Pending Texas Legislation ..... 23

Challenges of Retention, K-12 Preparation, and Financing ..... 25

References ..... 27



# Higher Education After Hopwood

"You may not like the Hopwood decision, but it is going to be the law of the land. The question is how do we make the transition."
—University of California Regent Ward Connerly, to University of Texas Law School students March 8, 1999

The issue of how to promote racial and ethnic diversity in higher education has become a volatile one, demonstrated by angry students banging the wall in protest as Ward Connerly attempted to address an audience at the University of Texas Law School. Connerly, a Regent at the University of California, is best known as the individual behind the 1996 California Proposition 209, which outlawed affirmative action in the state. Since then, a total of eighteen states have considered new affirmative action legislation. Most introduced bills call for the elimination of affirmative action at the state level, and many specifically target the use of affirmative action in state higher education programs. In November of 1998, voters in Washington state became the second state to pass a referendum banning affirmative action, the "Washington State Civil Rights Initiative." Earlier this year, Connerly visited Florida to lead a new campaign to ban affirmative action by getting the Florida Civil Rights Initiative on the 2000 ballot. Connerly has stated that his top priority in Florida would be to ban consideration of race and ethnicity in higher education admissions.

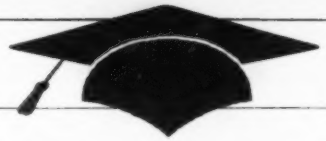
In addition to state legislative activity, lawsuits have been brought in several states challenging the constitutionality of affirmative action programs. The Ninth Circuit is considering a suit filed before Washington state passed legislation banning affirmative action, and the Eleventh Circuit recently ruled that the University of Georgia used an unconstitutional admissions policy that gave preference to African-Americans. At the same time a group of legislators was pushing an amendment to the Ohio Constitution modeled on California's Proposition 209, the Ohio Supreme Court heard arguments last fall in a case that could determine the future of public sector affirmative action programs in the state. The First Circuit recently ruled that a public school policy making race a determining factor for admittance violated the U.S. Constitution's guarantee of equal protection, and in February, in order to settle a federal lawsuit, the San Francisco school system agreed to stop assigning students on the basis of race. Similar cases have been argued against the Michigan state public universities, and lawsuits are currently pending against the University of North Carolina, the University of Virgina, and the Oklahoma State Regents of Higher Education challenging the use of racial preferences in admittance and scholarship programs. *The Economist* reported that "the conservative public law firm that brought those suits recently sent out a handbook to students at elite universities, a step-by-step guide to suing colleges for 'illegal racial preferences.'"

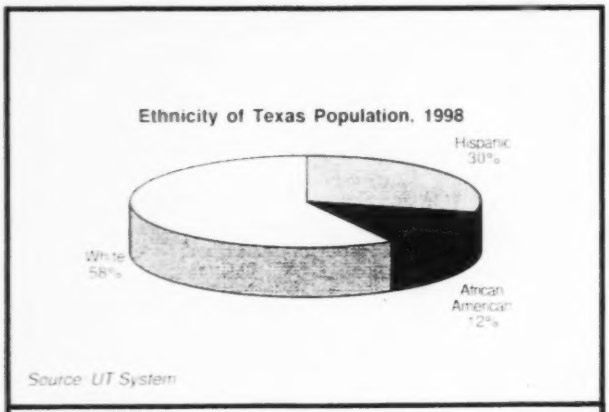
With the Hopwood decision, Texas became one of the first states forced to consider how to promote a diverse higher education student population without giving preference in considering race and ethnicity. As has been widely publicized, on June 1, 1996, the U.S. Supreme Court declined to hear the Hopwood case. This decision meant that the Fifth Circuit ruling of March, 1996, which held the University of Texas law school could not use racial preferences in admitting students without sufficient evidence of present effects of specific instances of past discrimination, remained governing law. The circuit court's decision held that racial preferences violated the equal protection clause of the 14th Amendment unless they were part of a "narrowly tailored" program to remedy continuing vestiges of specific discrimination.

After the Supreme Court declined to hear Hopwood, former Attorney General Dan Morales issued an opinion in February of 1997 that interpreted the ruling to prohibit consideration of race and ethnicity by all public institutions of higher education in financial aid as well as admissions decisions in Texas, unless there were a factual finding by the legislature or institution of discrimination by the institution in the not too distant past. Although several commentators disagreed with this interpretation and there has been a recent legislative request for the current Attorney General to review the issue again, public universities in Texas, absent a finding of continuing effects of specific past discrimination, are currently prohibited from considering race and ethnicity in admission and aid decisions.

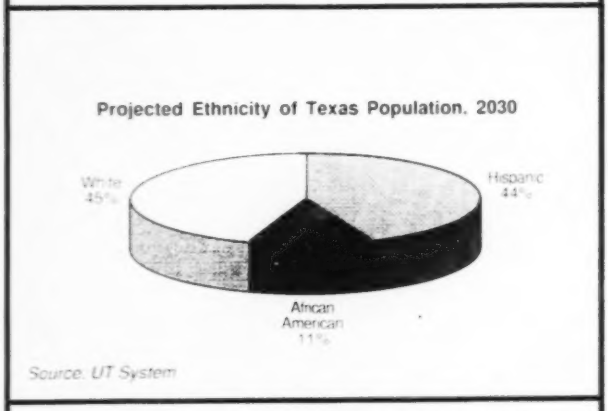
Increasing diversity in higher education under these constraints poses a challenge for Texas. Although the Hopwood decision concerned students denied admission to the UT law school, it has been applied to all public undergraduate and graduate higher education in the state. Since without an undergraduate degree, no one can get into graduate school, this paper will focus on undergraduate admissions and aid. In the foreseeable future, Texas will have a majority population of racial and ethnic minorities, but the state currently ranks 48th in the percent of college students who graduate from its institutions of higher education, with disproportionately lower rates for African-Americans and Hispanics. Although there remain ongoing arguments over how to determine the dropout rate in Texas, it has consistently been reported to be among the highest in the nation, and it is undisputed that fewer of those who do graduate from high school attend college than the national average. Of those who enroll in higher education, only 49 percent graduate overall, with rates of only 36 percent for Hispanics and 27 percent for African-Americans.

# Higher Education After Hopwood

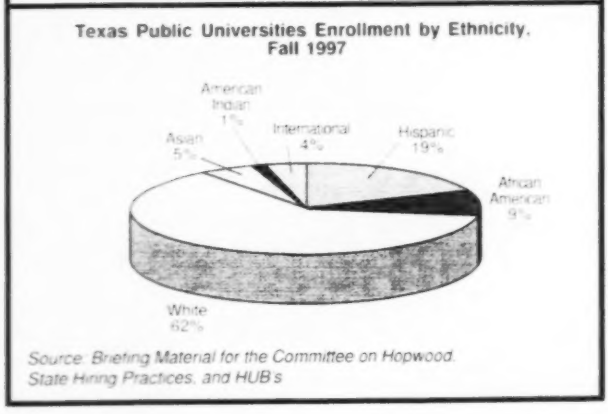





Source: UT System




Source: UT System




Source: Briefing Material for the Committee on Hopwood, State Hiring Practices, and HUB's

Studies conducted in Texas have estimated that if the graduation rate of minorities from higher education institutions does not improve, Texas will experience declining household income with low-income households below $25,000 increasing from 47 percent in 1990 to 53.7 percent in 2030. A higher number of low-income households means an increased burden on the state to provide social services as well as a lower tax base from which to draw.

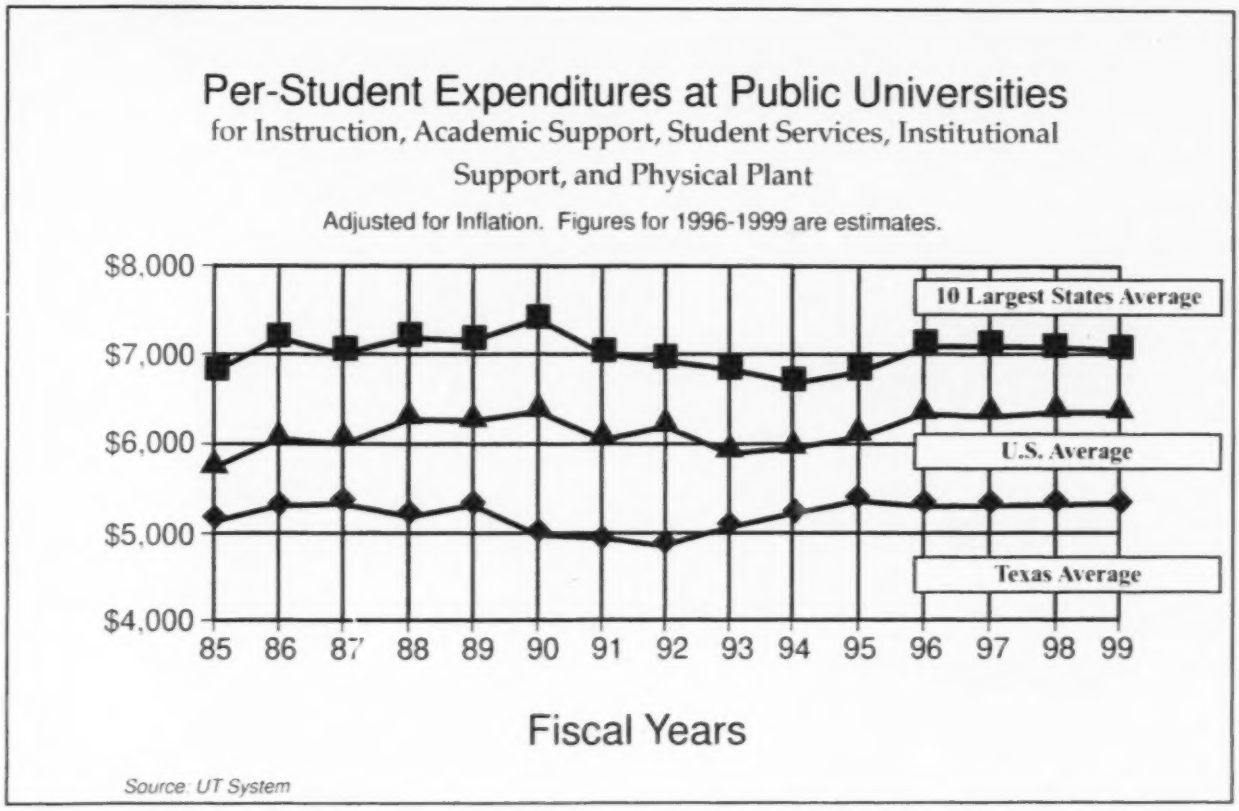
Texas also invests fewer state dollars per student in higher education than many other states, with loans making up 76 percent of need-based student aid disbursed to undergraduate students in the state, placing a greater burden on low-income students' ability to go to college. Before schools were required to ignore race and ethnicity absent a finding of continuing effects of specific discrimination, the University of Texas at Austin (UT) and Texas A&M University (A&M) were the only public institutions of higher education in the state that had addressed the issue by giving positive weight to minority race and ethnicity in admission decisions.

Even those who oppose the use of racial preferences still claim to consider diversity a valuable goal, whether on principle or for economic reasons in light of the future population growth. Therefore, unless and until the application of Hopwood is changed, by a finding by the federal Office of Civil Rights (OCR) or by the legislature that existing vestiges of past discrimination continue to exist, by a new Fifth Circuit decision, by a U.S. Supreme Court ruling, or by a new state Attorney General opinion, the question to be considered is how diversity can be promoted in student populations at public institutions of higher education without considering race or ethnicity in admissions and aid.

This paper will provide a summary of developments regarding Hopwood; review legislative action taken in Texas to address the issue; examine the recommendations of the primary studies published in Texas on this topic; consider efforts by the federal government and other states in admissions and aid decisions; describe practices currently implemented to attract undergraduates by the two Texas public universities that previously used racial preferences in admissions and aid decisions; and highlight pending bills in the current legislative session that address public institutions of higher education aid and admission decisions.

In brief, the shift in admission preferences and aid has primarily been from race and ethnicity to socioeconomic status, and a number of substantial outreach efforts have developed, targeting low-income populations both in high schools and at an earlier age, to better prepare students for college level work. Texas has thus far provided state funds for both aid and outreach activities, however, at a lower level than other states funding similar efforts. The need for improved preparation at the K-12 level or for remedial education at the college level as well as the necessity of addressing retention complicate the effectiveness of these efforts, and if fully implemented, would require even further additional funds.

# Higher Education After Hopwood


Per-Student Expenditures at Public Universities
for Instruction, Academic Support, Student Services, Institutional Support, and Physical Plant
Adjusted for Inflation. Figures for 1996-1999 are estimates.
$8,000
$7,000
$6,000
$5,000
$4,000
10 Largest States Average
U.S. Average
Texas Average
85 86 87 88 89 90 91 92 93 94 95 96 97 98 99
Fiscal Years
Source: UT System

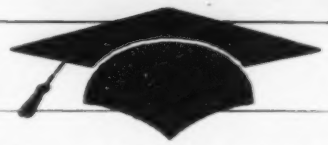
## Hopwood Developments

Although the Fifth Circuit ruling is binding law in Texas, Louisiana and Mississippi, Hopwood did not in fact impact higher education admissions and aid decisions in the other two states. In contrast to Texas where the Hopwood court found there was not sufficient evidence of recent past discrimination to warrant a remedial affirmative action program, vestiges of past discrimination were determined to continue to exist in the Louisiana and Mississippi public higher education systems by other court cases. As a result, those states were ordered to implement affirmative measures, including racial preferences, to eliminate the continuing traces of past discrimination.

In Texas, soon after the former Attorney General issued his opinion interpreting Hopwood to apply to all aid and admissions decisions, Senator Rodney Ellis asked the federal OCR to review the decision in Texas. The federal OCR, charged with monitoring compliance by educational institutions with Title VI of the Civil Rights Act of 1964 which prohibits discrimination on the basis of race or ethnicity in any program receiving federal funds, previously required the state to implement a remedial action plan to address past discrimination and increase diversity in higher education in 1983. Since then, two additional plans have been implemented to ensure Title VI compliance in Texas on a voluntary basis. The Assistant Secretary of Education for Civil Rights has stated that she believes the Morales opinion to be incorrect and that Hopwood exclusively applies to admissions decisions at the University of Texas law school. The Assistant Secretary further stated that the sufficiency of any race-neutral policies will depend on whether such policies are effective in eliminating any still existing vestiges of discrimination.

In March of 1997, OCR announced it would conduct a review of Texas' public higher education systems to determine whether there were existing traces of discrimination that required public higher education institutions to grant preferences to minority applicants. Although when OCR began its review the office stated that it would take a year to complete, as of March of 1999, no findings have been issued. OCR held meetings with the Texas Higher Education Coordinating Board (THECB) on March 25, 1999, to express their concerns relating to a number of colleges and universities in the state, but OCR stated it was hopeful it could work with the state to develop a plan to address those concerns on a race-neutral basis.

# Higher Education After Hopwood



The future of Hopwood's application is under review at the moment. In addition to the OCR review, if pending federal court cases use a different standard, the U.S. Supreme Court may rule to clarify its earlier Baake decision regarding affirmative action, which could reverse or modify Hopwood. Several weeks ago, Senator Bill Ratliff asked the newly elected Attorney General, John Cornyn, to re-examine whether financial aid decisions are in fact subject to Hopwood's prohibition of considering race and ethnicity. Two bills pending this session follow the provisions of the 1996 decision and propose a finding by the legislature of continuing vestiges of past discrimination in high education. Most recently, UT and the Attorney General asked the Fifth Circuit to overturn its 1996 decision. Now, however, the Hopwood decision and the Attorney General's opinion continue to be the law in Texas, with similar restrictions on both admissions and aid becoming more common in states across the country.

## Past Legislative Action in Texas Re Hopwood and Financial Aid

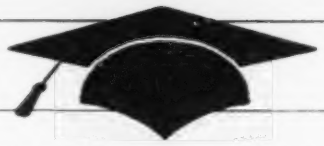
Six months after the U.S. Supreme Court declined to hear Hopwood, the 75th Texas state legislature convened, and the former Attorney General issued his opinion one month into the session. The 75th Legislature passed several bills in direct response to the Hopwood decision and its interpretation by the former Attorney General and provided limited funds for financial aid programs. The most well known of these bills, H.B. 588, requires that a public institution of higher education admit a student who graduates in the top ten percent of an accredited high school graduating class in Texas. The bill also requires that the institution review the applicant's record to determine if remedial education would be necessary. Any student so identified may be required during the summer immediately after the student is admitted to enroll in appropriate enrichment courses and orientation programs, but the statute does not expand on what standard should be used to determine that, nor does it require the institution of higher education to provide the remedial education.

H.B. 588 requires each institution to admit other applicants based on any, all, or a combination of 18 specified factors, including academic record, socioeconomic factors, responsibilities outside of school, bilingual proficiency, financial status of the student's school district, and performance on standardized tests compared to students of similar socioeconomic background. The institution may consider other factors in admission and awarding of aid but must publish a written policy available to all applicants in advance of any deadline. In addition, the statute requires each institution to determine each academic year whether to adopt an admissions policy expanding the automatic admission provision to the top 25 percent of a graduating high school class.

Officials of selective universities in Texas have stated that H.B. 588 has not in fact yet made a significant difference in their incoming freshman classes and have speculated that reasons include lack of information dissemination about the bill, recruitment of high performing students by out-of-state schools, and regional preferences of students. These officials have voiced their concern that the statute may have a problematic impact in the future because it only predicates admission on a student's GPA, regardless of whether that student takes any course above the minimum high school requirements, so students guaranteed admission may have purposely taken easier courses to boost their GPA but actually not be prepared to do college level work. Studies conducted in Texas have recommended that the top ten percent rule be amended to add requirements that students take college preparatory classes.

The 75th Legislature also passed bills requiring certain studies regarding the impact of Hopwood. H.B. 2146 required THECB to conduct a continuous study of the effects of recent actions, including Hopwood and any changes in recruiting or application procedures, on minority application and admission rates as well as to maintain a database on minority enrollment in public higher education in the state, including applications, recruiting, admission, retention, graduation and licensing. The report was due to the legislature with recommendations by December 1, 1998, and is discussed below.

In addition to the report required by H.B. 2146, the 1998-9 General Appropriations Act included two riders directing studies of higher education in light of Hopwood. The first, Rider 16, I-23, required the Comptroller to conduct a disparity study addressing student recruitment, admissions, retention and financial aid to determine whether past acts of discrimination by institutions of higher education continue to have any present effects. The results of this study, "Disparity in Texas Higher Education," are examined below. The second, Rider 21, III-47, required each institution of higher education to submit a plan for increasing representation of women and members of ethnic and racial minority groups among the students as well as faculty and administrative staff to THECB. A representative of THECB explained that a plan was in fact submitted by each campus, maintained in a file by THECB, but not compiled or analyzed in any way.



# Higher Education After Hopwood

In addition to passing legislation directly responding to Hopwood, the 75th Legislature also granted the first increase in higher education funding in ten years to the Back to Basics proposal submitted by the Higher Education Coalition, a group consisting of the leadership of the colleges and universities in the state. The Coalition requested an increase of $926 million in new funding to higher education in the state for the biennium, and the 75th Legislature provided almost $600 million of it. In the appropriations process, the legislature does not specifically fund programs in the plan, but the proposal included a statewide total request for $114.4 million for need and merit-based grants, and $39.4 million for work study awards for economically disadvantaged students. The Coalition states that the money is being used to help increase the number of bachelor degrees by 16,100 per year, or 23 percent, to bring Texas up to the national average. In a less direct action, the legislature also passed H.B. 1235 which allowed $638 million in tuition revenue bonds to be issued to fund projects at 41 institutions.

Financial aid to assist students to attend institutions of higher education in Texas had not received much support from past legislative sessions. The Texas Tuition Assistance Grant program was originally adopted by the 71st Legislature in 1990 to provide grants to students from low-income and middle-income families, as determined by THECB, who graduate from high school with a cumulative average grade of 80 or above. Although the statute was placed on the books in 1990, no money was appropriated for the program in 1991, nor in 1993, and in 1995, only $500,000 was appropriated. In 1997, the 75th Legislature increased the figure to $10 million for the biennium with S.B. 1898, which also provided $2.5 million to the A&M System for need-based scholarships.

The 75th Legislature also created a new financial aid program in S.B. 576 which established the Texas New Horizons Scholarship Fund. New Horizons scholarships provide for tuition and fees of educationally and economically disadvantaged high school graduates, as determined by THECB, who attend public institutions and who have met minimum academic requirements and demonstrated responsibility in their school, community, or family. There was no allowance for other items, such as room and board, which are considered part of a student's cost of attendance. The legislature only appropriated $3 million to New Horizons for the 1998-1999 biennium.

Finally, the 75th Legislature also passed several higher education bills exempting certain professions from tuition and fees, including peace officers, educational aides, students in foster or other residential care, and veterans and their dependents, and provided for other exemptions at specific universities.

## Results and Recommendations of Studies Conducted in Texas

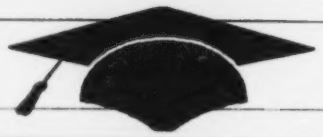
Even before H.B. 588 was enacted, the Fifth Circuit suggested several race-neutral criteria in the Hopwood decision which the UT law school could use to achieve a diverse student body, allowing public higher education institutions to consider factors such as unusual or substantial extracurricular activities, atypical factors affecting grades, whether an applicant's parents attended college, and the applicant's economic and social background. Six studies analyzing how to proceed in the wake of Hopwood in Texas have reiterated the value of using alternative criteria and have added suggested guidelines for implementation, outreach and funding. The common themes in all of these recommendations are: a shift to socioeconomic factors in considering admission and aid policies, improved capacity of K-12 education in the state to prepare students for college level work, outreach programs to inform them about higher education opportunities, and increased funding for financial aid.

### *Shift to Socioeconomic Factors*

The primary element present in all of the six reports' recommendations is a shift to focus on socioeconomic factors rather than race or ethnicity. That shift was determined to be appropriate, in conjunction with other factors, after several studies determined the major academic factors affecting enrollment in select schools are generally related to higher socioeconomic resources.

As noted, the Disparity in Texas Higher Education study, issued in two volumes in February and March of 1999, was required by a rider of the 1997 budget to be conducted by the Office of the Comptroller. The study was not designed to make recommendations but rather to report descriptive findings to assess how minorities were faring before and after the Hopwood decision and to determine whether there was ongoing discrimination by higher education institutions. The study found that undergraduate admission rates did not exhibit wider disparities between races after Hopwood than before, but application rates did show wider disparities. The study also found that when other factors, including socioeconomic status, are controlled, minority students are in fact more likely than whites to enter the more selective universities in the state which suggests that select schools are not directly denying access to African-American and Hispanic students. Those factors are rarely controlled in real life, however, because far more minorities exist in lower socioeconomic situations than whites.

# Higher Education After Hopwood



### Special Senate Committee on Hopwood and State Contract and Employment Practices

Lt. Governor Bullock appointed the Special Senate Committee on Hopwood and State Contract and Employment Practices Report on December 8, 1997, and the Committee held a series of meetings during 1998 and issued its report February 1, 1999.

***Recommendations:***

- increase funding for scholarship programs,
- create a mechanism to grant automatic transfers for students graduating from community colleges with a specified GPA to go to any four year university,
- create statewide commission charged with developing public/private partnerships to improve access to higher education for "educationally and economically disadvantaged students,"
- increase funding for non-flagship universities,
- increase funding for outreach programs,
- expand use of alternative admissions criteria for graduate and professional schools,
- support the recommendation of House Higher Education Committee and Texas Commission on a Representative Student Body to increase state Work Study programs.

### House Higher Education Committee Interim Report to the 76th Legislature

The Committee, chaired by Representative Irma Rangel, issued its report on October 7, 1998, including recommendations by both of its committees and several subcommittees.

***Recommendations:***

- that the Texas Education Agency (TEA), THECB, institutions of higher education, and all public schools develop more outreach programs to increase awareness among students of the existence of HB 588,
- that post-graduate professional schools develop outreach programs and alternative admissions policies considering a range of factors other than test scores,
- that the legislature provide substantial new funding for student grants and scholarships,
- that colleges and universities expand their outreach programs and retention programs,
- adjusting the funding formulas for General Academic institutions to increase money for teacher education,
- funding a supplement for assisting institutions that enroll and retain economically disadvantaged students, including funding for work-study programs and outreach centers,
- that the state increase financial aid to offset the existing gap between students' available resources and the costs of attending college,
- that the legislature commit to funding a new grant program with $200 million in new monies, a portion to be awarded to students showing the greatest financial need and a portion to be provided for students who meet certain academic requirements and who come from middle income families,
- that the legislature reduce the number of state funded financial aid programs by consolidating them when appropriate,
- that the current Texas work-study program be expanded by committing $50 million in new monies,
- that the Texas Guaranteed Student Loan Corporation, Association of Texas Lenders for Education, Council for the Management of Educational Finances, Texas Association of Students Financial Aid Administrators, the Higher Education Authorities make every effort to create partnerships with each other to reach students from all areas of the states to inform parents and students about higher education opportunities and financial aid, and
- that the state set aside money for the marketing of a statewide outreach program,
- that the Texas Guaranteed Student Loan Corporation and THECB with institutions of higher education continue developing an easy-to-understand guide to determining financial aid eligibility and expected family contribution as well as student management and personal finances.

### Texas Commission on a Representative Student Body (TCRSB)

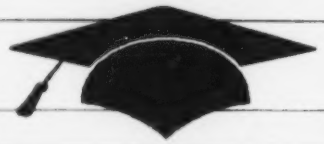
The Texas Higher Education Coalition, created in 1995 by the leaders of the state's colleges and universities, appointed the Texas Commission on a Representative Student Body, chaired by former Lieutenant Governor Hobby, and charged the group with assessing current efforts associated with the recruitment, admission, retention, and graduation of minority students within the parameters of Hopwood and to make recommendations in these areas.

***Recommendations:***

- a legislative appropriation of $500 million per biennium for need-based financial aid,
- that the legislature create a fund of $60 million for more higher education recruitment programs in Texas public schools
- expansion of the current work-study program,
- simplification of state financial aid programs and awards made at appropriate times,
- development of a marketing communications plan to inform students and parents about educational, support, and financial aid opportunities,
- increased partnerships between the state and the private sector,
- incentives for students in community and technical colleges to obtain a bachelor's degree,
- that the legislature support higher education institutions at a level that allows them to provide quality retention programs.

The TCRSB Report incorporated THECB's recommendations for a financial aid program which included:

- funds for state grants to college students should be substantially increased,
- the number of state funded grants and scholarships should be consolidated,
- completion of the recommended high school curriculum should be required for eligibility but the requirement should be phased in as all high schools develop the capacity to provide that curriculum and students become aware of the requirement,
- development of a state standard to determine satisfactory academic progress in college to maintain eligibility.



# Higher Education After Hopwood

• some funding should remain available to institutions to ensure needy students who are not eligible for the state grant program have aid available to them.

**THECB Report on the Effects of the Hopwood Decision in Fulfillment of H.B. 2146**

THECB made nine recommendations to the legislature after completing its study required by H.B. 2146.

*Recommendations:*

- encourage all high schools to offer the college preparatory core curriculum and encourage all high school students to take the core curriculum,
- support efforts to encourage young people to prepare for and attend college,
- support programs that increase the quality of public school principals and teachers in Texas,
- fund a need-based grant program that could eventually by linked to high school academic preparation,
- support research and development of alternative predictors of success,
- study and evaluate the effects of distance education opportunities on under-represented groups in Texas,
- reward institutions for recruiting, retaining and graduating students,
- increase state funding for the Texas College Work-Study program,
- ease the transition for students transferring from a community college to an upper level institution.

**THECB Advisory Committee on Criteria for Diversity**

The report, referred to as the "Gaston report" for its chairman, Jerry Gaston of A&M, was issued on January 16, 1997, from a committee of individuals invited by former THECB Commissioner Ken Ashworth with the purpose of developing guidelines to be used by higher education institutions admissions and financial aid decisions in Texas to achieve diversity in the student bodies, the influence of which can be seen in H.B. 588.

*Recommendations:*

- income levels of parents, parental education level, and disadvantaged economic status of school district should be considered in admission and aid decisions,
- standardized test scores should not be a major criterion for admission or aid,
- discretionary financial aid should be combined into a need based program,
- TEA and THECB should share data to track the in-state and out-of-state application and enrollment patterns of Texas high school graduates,
- incentives should be provided to institutions to enroll students from underserved populations,
- the legislature should provide funds for need-based financial aid for students who do not have access to at least 90 percent of the calculated financial aid needed,
- colleges and universities should establish partnerships and coalitions with a range of leaders, including the corporate sector, to help improve K-12 and increase retention and graduation rates,
- colleges and universities should develop initiatives and strategic plans to assess and monitor changes on their campuses to ensure cultural diversity is proceeding,
- public K-12 schools should develop courses and programs to benefit underserved students.

**Dana Center's Strengthening the Education Pipeline from Kindergarten to College**

One of four reports included in "Increasing Enrollment, Retention, and Graduation in Texas Public Higher Education," commissioned by the Senate Education Committee and published in May of 1988 by the Dana Center.

*Recommendations:*

- increase the amount of availability of grants to economically disadvantaged students in higher education,
- create incentives for students to enroll in advanced coursework in high school,
- hold high schools accountable for the performance of their students in advanced coursework,
- develop and fund a structure that facilitates communication on important educational topics between all K-12 and higher education stakeholders,
- adopt policies that provide incentives for certified teachers to enter and remain in the teaching profession, especially in shortage areas, and rural and urban districts,
- encourage better dissemination of information concerning higher education admissions and financial aid,
- improve K-12 teacher compensation,
- improve K-12 teacher and administrator preparation and professional development programs,
- provide resources to higher education institutions to accommodate the increasing number of students predicted in the next few decades,
- create state policies regarding admission that increase access to public universities for disadvantaged students.

Individual and public school socioeconomic differences were found to be far more powerful predictors of enrollment disparities than race. This finding continues to influence racial diversity in higher education, however, because as A&M Professor Steve Murdock explains, the fact that Hispanics and African-Americans are substantially more likely to come from households with lower levels of socioeconomic resources means that the use of admission factors that disproportionately enroll those with higher socioeconomic resources may limit minority enrollment in such schools.

The THECB Advisory Committee on Criteria for Diversity agreed that differences in student populations appear to be largely a function of socioeconomic differences that are associated with minority status. It is important to note, however, they also concluded that although numerous criteria, such as income, parents' education, and

particularly school district's assessed residential property value per student may be useful in identifying segments of the population in need, a large proportion of which are minorities, no single criterion or combination of criteria will result in the same level of minority participation as using the criteria of race and ethnicity.

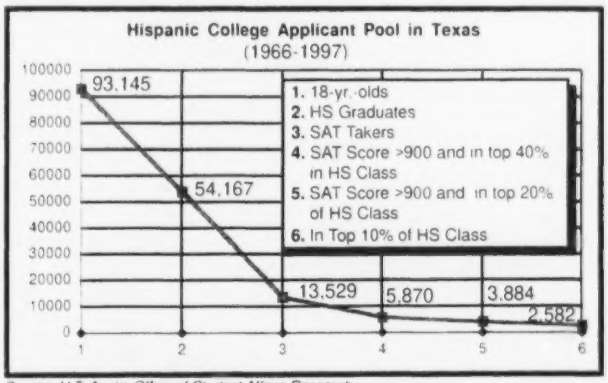
In assessing which criteria other than race might reach the largest percentage of minority populations, the Advisory Committee considered whether targeting the top performing students on standardized tests within lower income categories would result in increased numbers of minorities eligible for higher education. The data demonstrated that for students from households with incomes of less than $30,000, 42.1 percent of those in the highest test score category were minority group members, but those students constituted only 3.4 percent of the eligible minority populations. Because at the lowest levels of income and education, whites and others tended to achieve higher scores on the ACT/SAT than Hispanics and African-Americans, the Committee recommended decreasing the importance of test scores in admissions if the highest need populations were to be served.

## Need for Improved Capacity of K-12 and for Higher Education Outreach

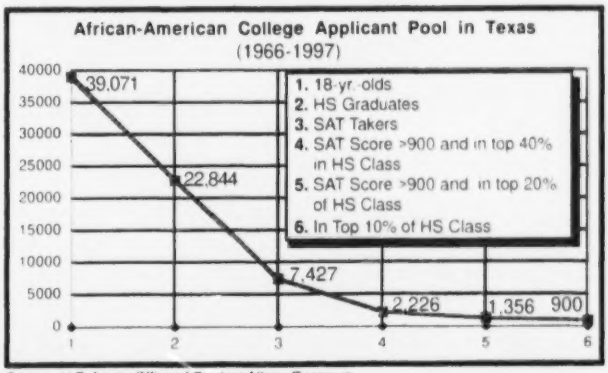
There has been a great deal of recent controversy over how to measure the dropout rate in Texas and accuracy of data from TEA. The Charles A. Dana Center for Education Innovation at UT researched the difficulties in TEA, THECB, and the State Board for Educator Certification sharing their data to improve the accuracy of information, but the different hardware systems, format, and standards were found to make that expensive and time consuming. The 76th Legislature continues to examine how the most accurate data on which students drop out and where they go can be obtained.

A study conducted in each state nationwide, the Kids Count Project, reports that only two states, Arizona and Nevada, have a higher percentage of students who drop out of high school than Texas, so the state starts with an unusually low number of high school graduates. Of the estimated 9.1 percent of all adolescents between 7th and 12th grade who are known to drop out, TEA estimates that 29.4 percent were white, 17.6 percent were African-American, 51.5 percent were Hispanic, and 1.5 percent were of another ethnic origin. It is important to note that 32.9 percent, fully one-third, of those who dropped out were economically disadvantaged in 1995-6.

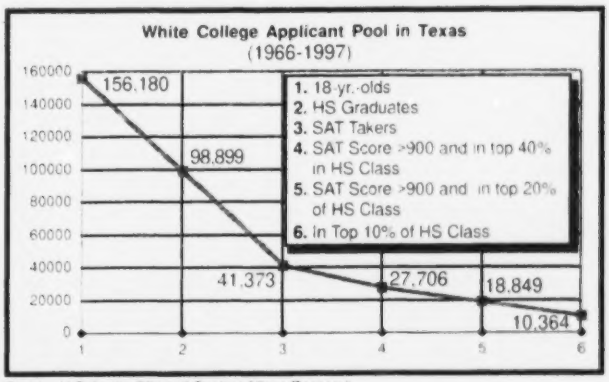
This dropout issue may receive even more attention if lawsuits are filed alleging that Texas is not providing an "adequate" education to its students, particularly its minority populations. Although the state has received favorable attention for its improvements in K-12 education with implementation of the accountability system, and the Rand Corporation released a report ranking Texas and North Carolina in the largest gains in educational improvement, the fact that minority and low income students seem to be left out of those K-12 level improvements potentially poses legal problems for the state. Texas is well known for its long history of Edgewood equity litigation in K-12 education, but the state has not been sued on an educational adequacy basis, although such claims are becoming more frequent across the country.



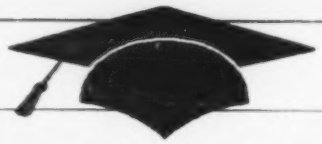

Source: U.T. Austin Office of Student Affairs Research




Source: U.T. Austin Office of Student Affairs Research




Source: U.T. Austin Office of Student Affairs Research



# Higher Education After Hopwood

Targeting low-income students in K-12 education appears to be necessary in order to increase enrollment in higher education, particularly among low-income populations, in which minorities are disproportionately present. It has been reported that nationwide, only 43 percent of children from low-income families, defined as the bottom 20 percent of income distribution, enroll in college after high school, compared to almost 83 percent of children from high-income families. Among all high test-scoring students, those students from low-income families are five times as likely not to go to college as students from high-income families.

The Dana Center's full report includes "Strengthening the Pipeline from Kindergarten to College," which emphasizes that "the pipeline to higher education begins to leak even before the start of formal schooling" because many students enter school without essential skills and knowledge. The study notes that only 74 percent of economically disadvantaged third graders passed the reading portion of the 1997 Texas Assessment of Academic Skills (TAAS) exam compared to a 90 percent pass rate for students not economically disadvantaged. At the K-12 level, the Dana Center study also emphasized the importance of high quality trained teachers, the importance of smaller classes, and accountability measures, including publication of data of how each school's students do their first year in higher education.

In addition to improving the quality of K-12 education, making connections between higher education and K-12 schools has emerged as an important factor in students going to college. Among 12th graders interested in continuing their education after high school, about 80 percent of children whose parents read materials about financial aid go to college, compared to only 55 percent of children whose parents do not read this material. Funding for outreach programs to high school students and dissemination of information about higher education opportunities to these students were routinely cited recommendations by the studies conducted.

Higher education outreach programs are typically designed to provide information as well as tutoring, mentoring, additional coursework, campus visits, and in some instances professional development for teachers. A primary outcome of these programs is communication between K- 12 teachers and administrators and higher education representatives who have information about programs and financial aid opportunities so that students and parents are more informed. In their budget request, the Higher Education Coalition of chancellors asked for a statewide total of $71.6 million for new Public School Partnership programs to build on the collaborative activities currently in place between universities and the public schools.

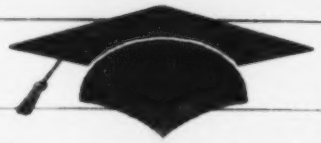
## Need for Additional Financial Aid

The Comptroller's study noted that lack of money has been identified as the main reason why minority students do not enter college, transfer from community and technical colleges, or stay long enough to receive a degree. In the past 20 years, the average cost nationally for tuition, fees, and room-and-board at four-year public institutions has risen from $2,577 to $10,315, but during this time, family income remained relatively stable. Texas average costs have been among the lowest in the nation, but they also have risen substantially, and the average student debt after receiving an undergraduate degree from a public institution in Texas is approximately $12,000.

Texas students receive 76 percent of their aid in loans compared to 59 percent nationally, and only 24 percent of Texas students' aid is in the form of grants, compared to 41 percent nationally. On average, higher proportions of African-American and Hispanic students, compared to white students, receive need-based aid at the undergraduate schools, demonstrating a link between diversity and the need for additional financial resources. In addition, most aid programs do not cover the full "cost of attendance," a defined term including living expenses and room and board that students must pay for in addition to tuition, fees and books, to get a college degree.

In addition to the Texas Tuition Assistance Grant which the legislature created in 1990 but did not fund with over $1 million until last session and the New Horizons scholarships funded at $3 million, the legislature has considered additional financial aid proposals based somewhat on the Georgia HOPE scholarship program, described in more detail below. In considering those proposals, several mechanisms of funding a large grant program were explored. Since Georgia dedicates its entire lottery revenue to the program, dedicating 5 percent of the lottery revenues to a HOPE type scholarship program was considered last session, but the bill was never passed out of the Subcommittee on Lottery Revenue Dedication. In Texas, lottery revenues have declined recently and were ultimately dedicated last session to K-12 education.

It was also determined that a grant program would be difficult to fund with bonds because, as Bond Review Board staff noted last session, bond proceeds for the program would ultimately fall into the hands of private individuals (student scholarship recipients), so the bonds would not be tax exempt, adding to the cost of the program and making bonds a less attractive funding alter-



native. In addition, a bond issuance in an amount sufficient to pay for the program would place the state dangerously close to the debt limit. Because the program would be ongoing, the cost associated would mean the problem of breaching the debt limit would recur. Concern was also expressed that such a large bond issue could call the state's bond rating into question.

In evaluating funding, it is important to note that the majority of appropriations for public higher education in Texas are "run through" a set of funding formulas. There are "special items" that are funded separately and riders to the budget for specific programs, but the Senate Finance Committee has asked institutions to lessen special item requests and have the funding be done primarily through the formulae. When the Higher Education Coalition presented its "Back to Basics" proposal, including increased money for financial aid and outreach programs, the result was that individual systems and campuses received their appropriated funding in a lump sum. Colleges and universities are not bound to spend appropriated funds in the way outlined in their proposals to the legislature, so that money allocated for a particular program does not necessarily get spent that way.

It is also helpful to note in evaluating funding strategies that some states have adopted "performance funding," conditioning a portion of state appropriations on certain institutional outcomes measured by performance indicators. Under performance funding, certain funds for higher education would be conditional on universities increasing low-income student enrollment and graduation or any other outcome identified as a priority. Texas has studied but not adopted the strategy of performance funding, and there are critics of the strategy who emphasize that some priorities get ignored and that state funded entities can be punished for making some but not enough progress which makes it more difficult for them to accomplish the state's goals. Texas instead follows "performance-based budgeting" which means that when a Texas higher education institution is reviewed for the next biennium, the legislature considers both how the institution does in fact spend the money appropriated to it and its performance on certain measures, but there is no access to additional funding as an incentive for the universities to achieve any outcomes.

To understand funding in Texas, it is also important to note that the Higher Education Coalition is comprised of all the chancellors of the university systems in the state, but funds are allocated to those systems in different ways. Funding higher education in Texas has been based on the Permanent University Fund (PUF) and the Higher Education Assistance Fund (HEAF) which account for the largest proportion of higher education state funding. Although the HEAF was created to bring other state university funding up to par with UT and A&M systems receiving money from the PUF, which is derived from oil and gas revenues, HEAF schools now receive a disproportionately large amount of money from the state. The legislature is considering measures to address the imbalance.

## Federal Financial Aid

Nationwide, for families whose income is in the lowest fifth of the distribution, the average cost of attendance at a college or university has reached 62 percent of family income. In Texas, the situation for students with economic need is made more difficult because the state does not even receive its proportional share of federal financial aid resources so that Texas students, on average, do not receive the full aid for which they qualify and could receive. For students who do receive some form of need-based financial aid in Texas, the federal government almost nine of every ten financial aid dollars disbursed at the undergraduate schools reviewed by the Comptroller's office.

The federal government maintains several long-standing financial aid programs, including the Pell grant which provided a maximum award of $2,700 to an individual student in 1997-1998. Most recently, the federal government created the federal HOPE scholarship program (taking its name from the well known Georgia program). This "scholarship" is actually a tax credit, subtracted directly from the tax a family owes, rather than reducing taxable income like a deduction. The credit is available to individual taxpayers with an adjusted gross income less than $50,000, and joint filers with an adjusted gross income less than $100,000. For higher education expenses incurred after January 1, 1998, a family may claim a tax credit of up to $1,500 per tax year for each eligible dependent for the first two tax years of enrollment in a postsecondary education institution.

Federal HOPE aid is limited because students who receive other forms of financial aid, such as a Pell grant, will have their eligibility for the federal HOPE program reduced by the amount of aid they receive. Even when fully utilized, financial aid provides limited assistance towards a student's total "cost of attendance."

## Other States' Financial Aid Programs

Maintaining college access and affordability appears to be a major issue on state legislative agendas around the

country. Following the success of Georgia's HOPE Scholarship Program, governors in Alabama, South Carolina, North Carolina, and Tennessee are proposing lotteries to expand student financial aid programs. In addition to Texas, officials in Alaska, Arkansas, Idaho, Maryland, New Hampshire, New York, and Oklahoma are requesting changes and expansions of financial aid programs to increase access and make college more affordable. Several other states have already created aid programs based somewhat on the Georgia HOPE model.

Since it has provided a starting point for so many other states, it is important to understand how the Georgia program operates and its impact on minorities and low-income students. The Georgia HOPE program, now in its fifth year of operation, is funded by a significant source of dedicated revenue, the Georgia Lottery for Education, so that the dollars flow outside the governor's budget and legislative appropriation process, directly to the program. HOPE has given benefits to 400,000 students since the fall of 1994 and has now become a $705 million program so popular that state voters protected it with a constitutional amendment last fall.

In its first year, the HOPE program required families to have less than $66,000 annual income. The next year the cap was bumped to $100,000, and in 1996 it was removed altogether. Currently, every student in Georgia who maintains a B average in high school can receive a HOPE scholarship. As a result of an earlier report that 44 percent of the 1994-1995 freshman HOPE scholars had a high school B average as a result of nonacademic courses, Georgia will require recipients to have a B average in high school in the state's core curriculum of English, science, math, social studies and foreign languages, beginning with the high school class of 2000. In order to renew the scholarship, the student must maintain a B average in college.

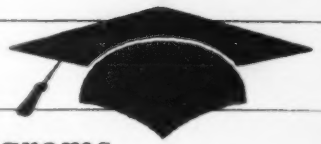
The HOPE scholarship provides the cost of tuition and fees at a public college or university or public technical institute in the state, in addition to a $300 allowance for books, or $3,000 towards tuition at a private college or university in the state. Students from low-income families who apply for HOPE scholarships must also apply for Pell grants and those who qualify for both Pell and HOPE receive only the $300 book allowance from the HOPE program. Critics emphasize that excluding poor students from the full benefits of the HOPE program is bad policy because these students are the least able to pay back loans, and the program reduces other funds available to them. They argue that if poor students could use the HOPE money for room and board, many more would receive an education. It has been reported that Georgia Governor Miller is considering changing the program because he is concerned it is unfair to the students with the greatest financial need.

The number of students from low-income families receiving Pell grants since the HOPE program began has risen 16.8 percent, even though the number of high school graduates has not increased, and other southern states have shown declines or minimal growth in the number of Pell grant recipients since HOPE began. The number of students receiving both Pell grants and the book allowance from HOPE has increased by 45 percent since 1994. It seems that the heavy recruitment involved in the HOPE program has resulted in low-income students applying for aid for which they can qualify. Just over 19 percent of HOPE recipients are African-American. The number of African-American HOPE recipients has increased by 32 percent from 1994 to 1997, and the percentage of those requiring learning support in college has declined from 41.7 percent to 30.6 percent.

In terms of college retention, only one-third of the 1994 HOPE Scholars have maintained a B average in college and have kept their scholarships for four years. Even those who lost their scholarships, however, are reported to be staying in college at higher than expected rates. At the University of Georgia, about half of the freshmen lose HOPE scholarship after the first year, although some regain it by bringing their GPA back up in a subsequent semester.

Other states, while using HOPE as a starting point, have modified the terms of the program. In contrast to the Georgia program, Florida does not require students to subtract Pell grant funds or other need-based financial aid they receive from the amount available from the state's scholarships. In addition, Kentucky addressed the needs of low-income students when it provided 100 percent of the projected need for the state's need-based grant program at the same time it created its scholarship program.

In California, which does not have a HOPE-type program, after Proposition 209 was passed into law, the University of California system (UC) had to change its fellowship and scholarship programs funded with discretionary funds, including student fees, state funding and some endowment funding, to consider a variety of factors such as socioeconomic status, educational disadvantage, and participation in UC outreach activities instead of race and ethnicity. Its existing privately funded scholarships, including private endowment funds and gifts, however, were considered to be grandfathered in because the "action date" was determined to be the date the university accepted funds from the donor which occurred before Proposition 209 was passed. Scholarships and fellowships



## Terms of Other States' Scholarship Programs Based on the Georgia HOPE Concept

| | |
|---|---|
| **Florida** | Created and implemented in 1997, Florida's "Bright Futures" program has three types of awards. First, the Academic Award provides full tuition, fees and a book allowance to students who have at least a 3.5 grade point average (GPA) in high school college preparatory courses and who maintain a 3.0 GPA in college to renew. Second, the Merit Award provides 75 percent of tuition and fees to students who have at least a 3.0 GPA in high school college preparatory courses and maintain a 2.75 GPA in college to renew. Third, the Gold Seal Vocational Award provides 75 percent of tuition and fees to students who have a 3.0 GPA overall in high school and a 3.5 GPA in high school vocational courses and maintain a 2.75 grade point average in postsecondary courses to renew. |
| **Kentucky** | Created in 1998 and first implemented in 1999, Kentucky's "Educational Excellence Scholarships," will award a maximum of $2,500 per year depending on a student's GPA in each of the four years of high school with annual bonuses based on ACT scores. |
| **Louisiana** | Created in 1997 and first implemented in 1998, Louisiana's "Tuition Opportunity Program for Students," has three different types of awards. First, Opportunity Awards provide full tuition at public colleges to students with a 2.5 GPA in high school and an ACT score at or above the state average and who maintain a 2.3 GPA their first year in college and 2.5 GPA after that. Second, Performance Awards provide tuition at public colleges plus $400 to students in the top five percent of their high school class with a 3.5 GPA in high school and a minimum ACT score of 23 and who maintain a 3.0 GPA in college to renew. Third, the Honors Awards provide tuition at public colleges plus $800 to students in the top 5 percent of their high school class with a 3.5 GPA and a minimum ACT score of 27. |
| **Maryland** | Created in 1998 and to be implemented in 1999, Maryland's "Science and Technology Scholarship Program," provides $3,000 per year to students with a high school GPA of 3.0 who are seeking a degree in high demand fields identified by the Maryland Higher Education Commission and who maintain a 3.0 GPA in college to renew. |
| **South Carolina** | Created in 1996 and implemented in 1997, South Carolina's "Palmetto Scholars," program provides $5,000 to students in the top 5 percent of their high school class with a 3.5 GPA and combined SAT score of 1200 (or ACT equivalent) and maintain a 3.0 GPA in college to renew. In 1998, South Carolina created and implemented an additional program, the "Legislative Incentives for Future Excellence," which provides $2,000 at four year colleges and $1,000 at two year colleges to students with a high school 3.0 GPA and SAT score of 1000 (or ACT equivalent) and who maintain a 3.0 GPA and complete 30 credit hours each year in college to renew. |
| **Alabama** | Alabama Governor, Don Siegelman, is expected to propose this type of program to legislators this month. He has not yet announced its specific terms, but The Birmingham News reported that high school graduates with a 3.0 GPA could attend any Alabama public university tuition-free, as long as they maintain the 3.0 GPA in college; high school students with less than a 3.0 GPA could attend two-year colleges for free, and 3.0 students who prefer going to private colleges would receive an annual grant of $1,500. |

funded by private gifts after Proposition 209 continue to be race attentive, but they are administered in a non-preferential way. A pool of students is chosen to receive scholarships without regard to race, gender, or ethnicity, and then once the pool of recipients is selected, individual students are matched with appropriate individual scholarships, some of which have race requirements.

## Federal Outreach Programs

The federal government provides several different resources for outreach programs to which universities can apply for funds. The primary federal resources are offered through the TRIO, GEAR UP, and the National Learn and Serve/Americorps programs. Three of the seven TRIO programs, Upward Bound, Talent Search and Upward Bound Math/Science, target at-risk youth and give grants to institutions of higher education to work with them. Several colleges and universities in Texas received funding through TRIO programs, but the main campuses of A&M and UT were not listed as recipients.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is a grant program created in the Higher Education Amendments of 1998. GEAR UP will provide grants to states and to partnerships between colleges and high-poverty middle schools and junior high schools that work with students beginning in sixth or seventh grade and continuing through high school graduation to ensure that they receive support and preparation to succeed in college. The program is designed to inform children in low-income communities about college options, academic requirements, costs, and financial aid, and by providing support services, including tutoring, counseling, and mentoring, to keep them on track through high school graduation and in to college. GEAR UP has been allocated $120 million in federal funding which includes resources to help plan the programs, and several Texas university presidents supported the creation of the program. These programs remain in the planning stages.

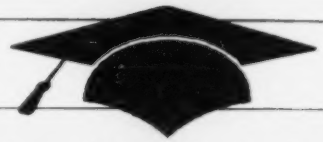
The Corporation for National Service administers both Learn and Serve dollars and Americorps dollars. Learn and Serve granted higher education demonstration grants to over 57 grantees spread out over the country to create partnerships with not-for-profit organizations and local K-12 schools to provide community service in a variety of areas. Some programs chose mentoring at-risk students as their service, but others addressed other community issues. The original higher education demonstration grants were specifically designed to involve institutions of higher education with state commissions on volunteerism and community service as part of Learn and Serve. No funding was provided for Learn and Serve to give new higher education grants, but several programs continue to exist, including one at UT, using Americorps dollars that go to higher education institutions to administer programs involving tutoring, mentoring and other services.

## Other States' Outreach Programs

While other states have funded outreach programs and partnerships between universities and public schools, California is the only state other than Texas that has so far had to develop outreach activities without considering race and ethnicity. Since Washington state just banned affirmative action by ballot measure in 1998, the University of Washington considered but rejected a plan that would guarantee admission to a top percent of its graduating high school classes. The university is now giving extra admissions credit for factors such as "cultural awareness," but nevertheless, the University of Washington still predicts a 25 percent drop in minorities and remains in the process of developing alternatives.

The UC outreach plan was developed as a result of the Regents authorizing a study of alternative ways to attract under-represented populations to promote diversity under the anti-affirmative action policy they adopted approximately a year before Proposition 209 became law. UC completed its design plan to promote diversity after Proposition 209 passed, and the university submitted a budget request for $40 million in 1998 with the thought that they would receive a portion of it and get more over several years. The legislature, however, in fact awarded $38.5 million per year as a permanent part of the UC annual budget. The statutory language in the California budget was restrictive, stating that the funds were provided for "outreach to be used to fund new and existing programs that are aimed at improving the chances for pupils from a wide diversity of backgrounds to become eligible for the University of California," and then specified dollar amounts for each type of activity.

The reasons cited for the legislature's awarding such a large sum to the UC system for outreach efforts included the good economy, that education was a hot button issue, and that the Speaker of the Assembly was an Hispanic alumnus of the UC outreach programs and the University of California at Los Angeles, and funding for UC became his top legislative priority. After the vicious arguments over Proposition 209, this measure received support across the political spectrum as a way to make tools available to the less affluent after the political right was convinced the measure was not an end-run to restore ra-



cial preferences and the political left came to believe it was not merely a "sop to cover the university." UC received the funds in September of 1998, and programs were put in place immediately. California State University (CSU) and the community college system, however, received no additional funding for outreach programs.

The goal of the 35-member UC outreach task force appointed by the Regents, consisting of corporate board members as well as representatives from every major educational component in the state, was to create ways to promote diversity—ethnic, geographic and socioeconomic— and the group examined the high schools from which the university was drawing students with that goal in mind. The task force determined that while some of the 1,200 high schools in the state provided a majority of their graduating classes to UC as students, others had almost no students enrolling there. One obvious reason noted was that schools reflected neighborhood housing patterns, with many having one dominant ethnicity and socioeconomic status.

The task force decided to look at College Board data as a measure of the degree to which individual students were being prepared. They examined SAT scores, ethnicity, and enrollment patterns of all the high schools in the state, and then divided the high schools into quintiles from the highest SAT average to the lowest. They found that African-Americans and Hispanics were in the bottom two quintiles disproportionately, and that far fewer students from those two quintiles were attending UC than the other three.

UC decided that, in order to promote socioeconomic and ethnic diversity, it would use the mechanism of concentrated efforts to draw students from the high schools in the bottom two quintiles to find better prepared students who would be successful candidates for admission. The accuracy of standardized test scores was debated, but it was determined that the university had to distinguish among the many students who wanted to attend and that no way other than SAT test scores provided a reasonable balanced distinction. This stands in marked contrast to study recommendations in Texas that standardized test scores be less heavily relied upon in admissions decisions.

Out of the analysis of low test scores and enrollment patterns, UC drew up a plan to target roughly 50 high schools and the middle schools and elementary schools that fed into them. It was determined that middle schools were critical, particularly in the importance of Math and English, and that efforts should begin in the fourth grade. The plan was multi-pronged with four primary elements which were designed to work cooperatively. Different tools are used in the first and second elements, and some programs have more independence than others.

First, UC campuses would build alliances with high schools that agreed to re-evaluate their curriculum and needs of their students and allow UC to apply university resources to raise the level of college preparation for every student in the school. The inclusion of every student requires a huge effort but was considered important to make a statement about the availability of good college preparation in high schools where some students were well prepared and not others.

Second, UC decided to fund several existing student development programs in middle schools and high schools at a significantly higher level. The AVID program and the MESA program to improve math and science are the best known of these programs, which have now been implemented in several other states, including Texas recently. The programs had originated at UC and had been in place since the 1960's when integration efforts began, providing college preparation outside the classroom through Saturday academies, after school programs, and motivational speakers.

These programs originally had a cutting edge aura to them, and a great deal of work was needed as outreach became more central to the university's operations to make the directors of these programs feel that they were a legitimate part of the university, as opposed to operating on the margins. The message sent by UC to these programs was to strengthen the academic elements instead of extracurricular activities so that students would perform well on standardized tests, and a large amount of money was allocated for SAT preparation courses.

Third, UC implemented a far broader information program through direct mail, radio, and community based organizations to target communities with low college matriculation rates, under-represented populations and rural areas. Motivational information was included about how to prepare for college, and the importance of GPA and core courses. The university made a point to increase the use of technology in disseminating information and in its recruiting activities.

Finally, UC also dedicated money to research and evaluation with an active and aggressive approach to ensure that the first three components of the plan were well managed and effective as well as to examine the root causes of disparate education outcomes. UC also developed a closer relationship with the College Board so that UC campuses would have all the test scores and questionnaire data on students to provide them with development pro-

grams and an academic plan of which regular contact with advisors were a central component.

The most recent change in UC's admission policy was actually modeled to some extent on Texas H.B. 588's ten percent rule, but the California policy has some significant differences. The UC Regents on March 19, 1999, adopted a change to its policy whereby the top four percent of every high school graduating class in the state will have a place somewhere in the UC system, so long as they have a certain GPA within a proscribed course pattern that includes college preparatory classes. Regent Ward Connerly supported the measure, stating it was based on merit, and stated his general support of outreach programs that improve public education at low-performing schools. In contrast to Texas, California students must take college preparatory classes but are not guaranteed a spot on any particular campus but rather at some campus in the system.

The rule is expected to result in only a very small increase in African-American and Hispanic students, however, because it has been predicted that the proposal would help about 2,000 now-ineligible whites and an additional 700 African-Americans, Latinos and American Indians become part of the UC system's freshman class of 2001 and subsequent classes. The percent of African-American students who meet the university's eligibility requirements will increase by just eight-tenths of one percent to 3.6 percent from 2.8 percent. For Hispanic students, the eligibility rate will go to 4.7 percent from 3.8 percent. For white students, eligibility will go to 14.4 percent from 12.7 percent. Further lessening the effect, only half of newly eligible applicants are expected to enroll. No new remedial or financial aid programs specifically accompany the four percent requirement to assist inner city high schools or rural areas, and it was noted that students from those areas who qualify under the new rule will still require a great deal of financial support.

California's adoption of the policy to automatically accept the top four percent of each graduating high school class following, to some extent, Texas' ten percent rule has prompted national education commentators to air their concerns about students taking easier coursework and their views that admitting the top percentage of high school classes may set up students from weak schools who are not prepared to perform college level work for failure, decrease student quality at top schools, and exclude students at stronger schools who just miss the top percentage ranking, but are qualified to do college work. The director of the Center for Mexican American Studies at UT, David Montejano, was quoted in The National Journal stating he was not sure how much the Texas ten percent policy accomplished in the short run and his belief that "all the ten percent plan did was restore some confidence and sense of fairness in the process and some sense of predictability...It could be more of a perception thing."

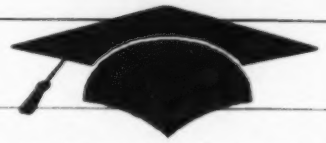
As California is another large state facing similar challenges to Texas, the UC Regents met with the UT Regents in executive session last year, and outreach efforts to increase diversity were on the agenda for discussion between the two entities. There are, of course, some major differences between the two states: first, California is more centralized in its public higher education system than Texas as UC, California State University (CSU), and the community college system constitute all of the public institutions of higher education in that state, while Texas has several different systems with less centralized control within them; second, California has a large Asian population that has traditionally performed quite well on standardized tests and in GPAs but had received preferred minority status; and third, before Proposition 209 was enacted, the UC Regents themselves passed a resolution which prohibited affirmative action in both personnel and student admissions whereas the UT Regents were forced to confront the issue as a result of losing a lawsuit. Nevertheless, Texas and California higher education institutions have adopted similar mechanisms to promote diversity without considering race or ethnicity, although they selected high schools to target slightly differently.

## Post-Hopwood UT and A&M Aid and Outreach

UT and A&M were the only public institutions of higher education using racial preferences in admission and aid prior to Hopwood, and demographer Steve Murdock points out that "when 1996-1997 and 1997-1998 data are compared to assess the effects of Hopwood, the effects are most evident in the select schools, especially Texas A&M University and the University of Texas at Austin." The Comptroller's study notes that UT and A&M tend to enroll the students with the highest GPA and standardized test scores and the highest levels of socioeconomic resources from all racial and ethnic groups.

The Comptroller's study also notes that the greatest actual difference in numbers made by Hopwood was to decrease the rate at which African-American and Hispanic students applied to UT and A&M and to increase the disparity between the application rates of minorities and whites there. Both UT and A&M also reported significant declines in offers and enrollments in 1997 for African-Americans and Hispanics, but it should be noted that both universities had been reporting decreases in first time

# Higher Education After Hopwood



enrollments for African-Americans since 1994 and for Hispanics since 1995, before Hopwood. Between 1995 and 1997, African-American and Hispanic enrollment dropped from 19 percent to 14 percent of total enrollment at UT and A&M.

Both UT and A&M restructured their admissions procedures to eliminate race or ethnicity as a factor and to consider the alternative admissions criteria in H.B. 588, and both increased their recruitment efforts to help compensate for Hopwood. The two campuses also expanded their activities in the University Outreach Centers which they established together in the largest population areas in the state in 1987. The Centers provide participants with counseling in goal setting, career choice, and college preparation, beginning in the seventh grade and continuing through high school. In order to participate, students must be enrolled in a targeted high school and have at least a B average as well as the recommendation of a teacher or counselor. High schools that are targeted have a majority of low-income students, low TAAS pass rates, low percentages of students taking college entrance exams and high dropout rates. This is in contrast to UC which selected high schools to target for outreach solely on the basis of low SAT performance.

This year was the first time applications to UT from minority students exceeded pre-Hopwood levels: applicants included 953 African-Americans, a 59 percent increase over the 601 who applied a year ago, and 2,677 Hispanics, a 19 percent increase over last year. UT officials attributed the increase to new Longhorn Opportunity Scholarships which are discussed in detail below, heightened recruiting, including high school visits by President Larry Faulkner, and an increased awareness of H.B. 588. The number of African-Americans admitted to UT this year was 438, up from 299 last year, and the number of Hispanics admitted was 1,497, up from 1,353 last year. The number of African-Americans admitted this year exceeds the number admitted in 1996 by 17, but the number of Hispanics admitted this year is below the number admitted in 1996 by 71.

Complete applications to A&M this year increased by 20 over last year to 521 from African-Americans and by 57 over last year to 1,472 from Hispanics. The number of African-Americans admitted to A&M decreased by 50, however, to 321 this year, and the number of Hispanics also fell by 41 to 1,034 this year. In addition to the University Outreach Centers, A&M officials began hosting recruitment conferences throughout the state in the biggest population centers, bringing financial aid advisers and academic registrars to provide public school counselors and teachers with information on how to access the various scholarships and aid programs. A&M provides an incentive to attend these conferences by offering privately funded scholarships for twenty to forty students who attend schools with representatives that come to the conferences. The counselors and teachers are selected randomly to award the scholarship and can choose any student as a recipient using their own judgment.

A&M also increased recruiting activities at certain high schools after Hopwood. High schools were targeted in each of the twenty TEA geographic areas and eight admissions counseling geographic areas in the state that met three of six criteria measured by TEA: 70 percent of students or higher being low-income, 50 percent of students or lower passing TAAS, low percentage of students taking college entrance exams, a high dropout rate, an average SAT score of 800 or lower, or an average ACT score of 19 or lower. SAT scores are a component of A&M's selection of high schools to target but not the sole criteria as at UC. A&M also recruits at high schools that were listed in the top 15 of regions of the state which have not been sending students to A&M which turn out to be just above the targeted schools in terms of TEA criteria.

After the Hopwood decision, both UT and A&M had to alter scholarships they had previously maintained for minority students. UT had awarded four year scholarships, the Texas Achievement Award and the Texas Achievement Award with high honors, to minority students based on achievement, and these programs were discontinued after the Hopwood decision and Attorney General's opinion. Instead, UT created the President Achievement Scholarships based on an "adversity index" comprised of factors that include the education level of an applicant's parents, household income, the peer performance index which reflects how well the student did on the SAT compared to students in the same high school, and economic and performance attributes of students in the high school the applicant attended. The UT alumni association's supporting foundation established a scholarship for minority students using entirely private funds.

This year, UT Presidential Achievement Scholarship recipients included 59 African-Americans, out of 438 admitted African-American students (13.5 percent); 393 Hispanics, out of 1,497 admitted (26 percent); and 129 whites, out of 6,656 admitted (2 percent). Presidential Achievement Scholarships are awarded at three levels: Tier 1 is $5,000; Tier 2 is $2,000, and Tier 3 is $1,000. UT tuition and fees are estimated at $2,780 for 1999-2000. Tier 2 scholarships were awarded most frequently, and racial and ethnic distributions existed proportionately among the three tiers. The acceptance rate has not yet been determined for this year as students are still making their decisions.

In addition to the Presidential Achievement Scholarships, UT also created the Longhorn Opportunity Scholarship program targeting 49 Texas high schools that historically send few students to UT, another mechanism similar to UC's approach but not explicitly targeting low SAT scores. The high schools selected were located in Houston, Dallas, Fort Worth, El Paso, San Antonio, and one in Laredo. President Faulkner and other UT officials urged students in the top ten percent of their class to compete for the scholarship, worth $16,000 over four years which would cover the tuition and fees, as well as books and living expenses up to the remaining $1,220 after tuition and fees are paid. Recipients of the Longhorn Opportunity Scholarship who qualify for need-based funding remain eligible to receive it in addition to the full amount of the Longhorn scholarship. Recipients of the Longhorn Opportunity Scholarships were selected from students at the 49 high schools targeted by the program in the top ten percent of their graduating class, and of 92 African-American students admitted from those high schools, 52 received the scholarship; out of 133 Hispanic students, 35 received the scholarship; and of 18 white students, 6 received the scholarship.

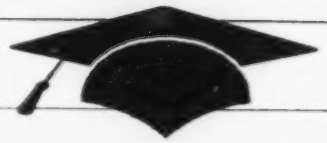
Similarly, prior to the Hopwood decision and Attorney General's opinion, A&M had awarded four year scholarships to minorities based on their academic achievement through the A&M President's Achievement Award, using public funds. After Hopwood, A&M created new scholarship programs with these funds: the Academic Achievement Awards ($12,000 over four years), the President's Achievement Scholarship ($10,000 over four years), and the Challenge Scholarship ($4,000 over four years with a chance to double for subsequent years if a student has a 2.75 GPA in their first year). Tuition, room and board were estimated to be $6,160 for a student living on campus.

These A&M scholarships are awarded to students with a high adversity index, based on the same factors used by UT, who have been referred by the Outreach Center or an admissions of high school counselors, and awards are based on academic achievement primarily but also considering extra-curricular activities, family composition, student responsibilities beyond school, and any difficult circumstances. This year, for all three scholarship programs using funds formerly designated for minority scholarships combined, nine percent of applicants for these scholarships were Hispanic, and three percent of applicants were African-American. Out of 203 African-American applicants, 58 were awarded a scholarship (28.5 percent); out of 693 Hispanic applicants, 214 were awarded a scholarship (31 percent), and out of 7,044 white and other applicants, 172 received a scholarship (2 percent). Minorities were therefore successful in being awarded the scholarships at a rate higher than their applications: as a group, scholarship recipients were 48 percent Hispanic, and 13 percent African-American. The acceptance rate has not yet been determined for this year as students are still making their decisions.

Scholarships administered by A&M but funded with private dollars are now being examined with the legal counsel's office to determine how to award them in the future. In addition, the alumni association had awarded a President's Endowed Scholarship using private funds prior to Hopwood that it continues to award exclusively to minority students. A supporting foundation of A&M has also created a fund to raise money for additional minority scholarships with private dollars.

In a longer term effort, A&M and the Texas Education Agency have combined forces to create a joint office of University/School Partnerships which has sponsored meetings between Councils of School Executives, which include superintendents and other public school officials, with the presidents, vice presidents and chancellors of the universities to improve university-school partnerships with the goals of recruiting more students and improving teacher preparation programs. The program allows future employers of teachers to have a dialogue with those in charge of preparing teachers. The program has been funded partially by TEA and A&M, but the primary funding has come from the Sid Richardson Foundation with a grant of $400,000. The project is also working with the Meadows Foundation and the Pew Charitable Trusts to obtain further funding. The A&M Chancellor has also requested $75 million in the Back to Basics II proposal to underwrite these longer term efforts, and after his recent THECB presentation, several board members stated that they considered teacher training to be one of the most important objectives of higher education in the state.

In terms of actual enrollment of minority students, the Comptroller's study found that, for students admitted to UT and A&M but who chose not to attend, African-Americans were significantly more likely to cite access to financial aid, the campus environment, and academic preparation in high school as important factors in making their decision. Among Hispanic youth, influences of family and academic preparation were important in enrollment decisions concerning UT and A&M. In evaluating university outreach efforts, it is important to note that, other than the campus environment, the factors cited for minorities not enrolling are things UT and A&M cannot control on their own. Financial aid and improved K-12 education are broader responsibilities.



## Pending Texas Legislation

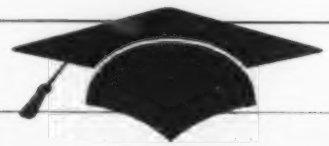
Several bills currently pending in the 76th Legislature respond to recommendations of studies conducted in Texas regarding aid and admissions in higher education. First, S.B. 37, passed by the full Senate, is the most recent incarnation of the Texas grant program based somewhat on the Georgia HOPE scholarship. The terms of the program, however, differ substantially. While the Georgia HOPE scholarship is available to all students who maintain a B average in high school, the Texas HOPE grant program will be a need-based program, requiring only that students complete more than the minimum requirements in high school. This differs from THECB's recommendation to the Senate Interim Committee on Education Funding Issues that performance requirements be included in any grant program instituted by the state of a 2.5 GPA in the recommended high school graduation program, or a 3.2 under the minimum high school graduation requirements. S.B. 37 does require a student to maintain a 2.5 GPA in college to remain eligible for funding. The bill requires the scholarship funds to be spent exclusively on tuition and fees except for students who have a 3.0 college GPA or better who can spend the scholarship money for purposes such as books, room and board.

There would be no cap on availability of the Texas HOPE scholarships because they would be awarded to the neediest students first until funds run out. If S.B. 37 receives House approval, the program is currently expected to be funded at $100 million for the biennium which is predicted to offer aid to all students from families with an annual income of $25,000 or less. Targeting this low-income population is expected to reach a significant number of minorities because while more than 46 percent of households in Texas have incomes below $25,000, the figure for African-American and Hispanic households is 62 percent. Senator Ellis has expressed his desire that funding be increased in the future so that more families will become eligible to receive aid through the program. After the 75th session ended, the Senate Interim Committee on Education Funding Issues heard testimony from THECB that a tuition assistance program resembling the Georgia HOPE program would cost, under the same assumptions used for the HOPE program, $68 million and grow to $280 million by 2003. Senator Bivins stated at a higher education symposium that he would favor boosting aid by $250 million, and the Texas Commission on a Representative Student Body recommended an appropriation of $500 million.

While intending to provide an incentive for low income students to take challenging courses, one obstacle to reaching minority students may arise, at least in the short term, in the bill's requirement that high school students complete more than the minimum course track for graduating from high school. It has been reported that African-American and Hispanic students are taking a less challenging curriculum with fewer core classes than white students, often completing only the minimum course track. In addition, not all high schools in Texas offer the full core curriculum, and many of those may be found in the areas with the lowest socioeconomic levels. TEA has some data on the race and income level of students taking each of the tracks in high school, but the tracks have changed recently so that the students graduating in 2002 will be the first class to be required to choose among the recommended, distinguished, and minimum course tracks. Currently, TEA data does show that a large percentage of minority students complete the minimum high school requirements and therefore would not be eligible for the scholarship.

S.B. 37 also authorizes the Teach for Texas Tuition Grant program which provides additional funds to a person receiving a Texas Hope grant who is enrolled as a junior or senior for a degree in a teaching field that is a shortage area in Texas and who agrees to teach in a Texas public school in a community experiencing a shortage of teachers. Another bill, S.B. 756 by Senator Duncan, also provides for loans to be made to students who plan to go into teaching and forgives those loans if the students teach in underserved areas and in shortage area subjects for three to four years following their degree. In addition, S.B. 1449 by Senator West, also provides for a Texas Teacher grant, including loan repayment assistance for students who teach in the public schools for five years following graduation, and provides money in the higher education funding formulae for teacher certification programs. These bills address the immediate need for financial aid in addition to the concern that more trained teachers are necessary to improve K-12 education.

Several other scholarship proposals are also pending this session. H.B. 713 provides for a "Texas Gateway to the Future Scholarship" which sets forth similar provisions to S.B. 37 and was just approved by the House. S.B. 98 by Senator Ellis, S.B. 285 by Senator Ellis, H.B. 208 by Representative Cuellar, H.B. 470 by Representative Wise, and H.B. 527 by Representative Hinojosa, each propose variations of the HOPE scholarship concept and remain pending in committee. Another proposed addition to financial aid, S.B. 1535 by Senator West, would create the Texas Rising Star Scholarship Program to enable students who demonstrate financial need and have at least a 2.5 GPA in high school to attend public junior colleges in the state. The money can be used for any portion of a student's cost of attendance, including room and board, books, tuition and fees, but other financial aid a student receives may be deducted from the amount of the scholarship. The bill



# Higher Education After Hopwood

was recently passed out of the Subcommittee on Higher Education. S.B. 184 by Senator Barrientos provides additional funding for student loans by allowing THECB to issue an additional $400 million in bonds to finance those loans. The bill was passed by the Senate and has been referred to the House Financial Institutions Committee.

To address the findings of the Dana Center and others that students who read or whose parents read information about higher education opportunities are more likely to enroll, S.B. 237 by Senator Ellis, would provide increased dissemination of higher education information by requiring school districts and THECB to work together to develop strategies to disseminate information regarding higher education, including the military academies, and financial aid opportunities to students in middle schools, junior high and high schools and their parents. In addition, S.B. 310 by Senator Shapleigh, would disseminate information about H.B. 588 by directing school districts to require each high school in the district to post signs in each counselor's office and each administrative office at the school stating that any student who graduates with a GPA in the top 10 percent of the high school class is automatically admitted to any public college or university in the state to which the student applies.

Tracking the language of the Hopwood decision, H.B. 1106 by Representative Rangel, and S.B. 626 by Senator Barrientos, each set forth a finding by the legislature that there are continuing vestiges of discrimination in the higher education systems in Texas that require affirmative action measures narrowly tailored to address them. Representative Rangel sponsored a similar bill last session that died in the House Higher Education Committee. Doing just the opposite, Representative Talton has filed H.B. 2386 which would expand the ban of affirmative action policies to all state agencies in Texas, similar to California's Proposition 209 and Washington's "Initiative 2000." The bill has been referred to the House State Affairs Committee.

To get the private sector involved, as UC did in formulating its outreach plan, S.B. 811 by Senator Barrientos, establishes a Texas Commission on Participation in Education which would involve representatives from the public and private sectors to assist higher education institutions to implement strategies and programs to foster opportunities for all residents in the state and establish private scholarships. S.B. 625 also by Senator Barrientos, provides an indemnification for higher education officials who are named in lawsuits for making admissions decisions. This would respond to the fact that Hopwood and other cases have held individual trustees and college officials personally liable for race-based policies struck down in court.

In an effort to improve the accountability and accuracy of data in K-12, Senator Barrientos has introduced S.B. 1561 which would more clearly define a "dropout" and the "longitudinal dropout rate" in the state which would enable TEA and the legislature to more clearly target schools with high dropout rates, and a committee substitute was recently passed to the full Senate. Senator Shapiro introduced a similar proposal to define the dropout rate in S.B. 1227, and also authored S.B. 1601 that would provide incentives for higher education institutions to improve remedial education programs, currently required for any student in the state who does not pass any portion of the Texas Academic Skills Program (TASP), by awarding the General Revenue appropriations for remedial education to institutions using performance based funding.

S.B. 225 by Senator Bivins requires school districts to include in their annual report describing the educational performance of the district and of each campus, information relating to the academic performance of high school graduates in institutions of higher education, so that school districts are better able to evaluate how successful their individual high schools are at
preparing students for college. This bill implements a recommendation of the Dana Center study and has been engrossed in the Senate.

Senator Bivins is also the author of S.B. 4, a comprehensive school finance proposal which provides significant increased funding for K-12 education, including a substantial increase in the Foundation School program, a $4,000 increase in the teacher minimum salary schedule, the state's share of the resulting increase in TRS payments for teachers, assistance to districts with bonded indebtedness, and substantial dollars for facilities with an additional adjustment of $500 per student for districts that have to open a new school. The proposed funding for K-12 education in the appropriations bill, S.B. 2, this session totals $2.6 billion for equity, teacher benefits, and the facilities program, and $410 million in miscellaneous items, including $14 million for the master teacher initiative proposed in S.B. 3.

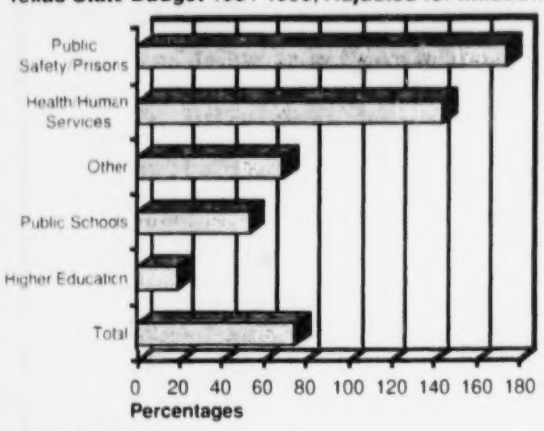
To ease the financial burden on universities as needs increase, Representative Junell's proposals in H.J.R. 58 and H.B. 1768 would increase appropriations through the general appropriations act to accommodate new institutions being shifted to HEAF which will provide relief to universities funded by PUF, and Senator Ratliff has stated he supports the measure. This measure will not immediately free up money in PUF because of items such as debt service continuing to be paid by PUF for institutions that will be moved to HEAF, but over the next twenty years institutions in the PUF will receive relief.

# Higher Education After Hopwood

In S.B. 2, the overarching budget bill, the Senate adopted Senator Ratliff's proposed spending for higher education which would provide an increase from the 1998-99 biennial level of $839.8 million in General Revenue to higher education this biennium. This amount includes $120 million would go to formula funding for the general academic institutions, $13.8 million through a revised formula to raise the rate for teacher education, which previously had been the lowest rated subject area, to that of liberal arts education, $50 million to PUF to help it become more equal to HEAF plus $6 million to the A&M system for that purpose, $18 million for special items, $70 million in tuition revenue bonds, $40 million to medical institutions, and $78 million to two year institutions. In addition, $100 million would be appropriated for the HOPE scholarships, 20 percent of which would be designated for the Teach for Texas program. In the second installment of Senator Ratliff's plan, funding would move more toward the funding formulae so that special items would only be authorized when it had been clearly demonstrated the formulae were not providing for a need. This session, two line items were allowed by Senator Ratliff: one to provide $500,000 per year plus $2 per credit hour taught to institutions that have no access to funds for academic excellence; and another to provide the larger of $500,000 or $765 per tenured and tenure track faculty position for research seed money.

Within the funding formulae themselves, a sub-formula was created for outreach and "developmental" education (commonly referred to as remedial education). While members of the committee expressed concerns that there should be a "fence around" this money so that it must be used for these specific purposes, as in performance funding, the money currently remains part of the larger formula to be spent at the discretion of the higher education institutions. The progress made by these institutions on outreach and developmental education, however, will be measured before they receive their next round of funding. Several individual college preparation programs, such as the Access program, the University of Houston partnership, and a program for at-risk youth, were also funded separately.

**Percentage Increases in All-Fund Appropriations in Texas State *Budget 1984-1999, Adjusted for Inflation***




*Source: UT System*

Finally, the Special Commission on 21st Century Colleges and Universities, recently announced by Lieutenant Governor Perry, is expected to evaluate funding of higher education in Texas on a broad scale and to address some of the long term issues facing public higher education in the state, including increasing the total number of Texas graduates of higher education institutions.

## Challenges of Retention, K-12 Preparation, and Financing

Effective changes in admission and aid only temporarily achieve the goal of diversity in higher education student populations unless those students are prepared, retained and graduate. A&M leads the universities in its graduation rate of African-Americans and Hispanics of the six universities studied in the Comptroller's report, and UT is second in the graduation rate for Hispanics. Nevertheless, African-American and Hispanic graduation rate disparities were most evident at UT and to a lesser degree A&M, and although these institutions have the highest overall graduation rates in the state, they fall below their national-level peer institutions.

Even without Hopwood restrictions against publicly funded programs focusing on any particular race and ethnicity, retention programs can be difficult to structure because of the far ranging reasons a student may leave school. A clear deterrent to retention is not simply poor academic performance or lack of student desire but lack of financial ability to remain in school without having to leave for employment. Financial reasons alone, however, do not account for all dropouts, and reasons vary with the individual. Several studies have identified various reasons for students dropping out: lack of sufficient support services, financial problems, family responsibilities, grade difficulties, lack of a sense of belonging, conflicts with work schedules and family obligations, a student's high school GPA, the number of courses taken upon initial university enrollment, gender (females are more likely to graduate), and the selectivity of the university's admission standards (higher standards mean more graduate).

Researchers who study retention emphasize the importance of helping students build multiple and complex connections to the institutions they attend. Specific strategies for preventing dropout have been identified that include: a financial safety net for at-risk students, prematriculation and college adjustment programs, first year experience courses, learning resources, tutoring and support services, assessment and course placement, faculty, staff and alumni mentors, effective advising programs, and support of student organizations and groups. Early interaction with full-time professional teachers and mentors who are able to give personal attention to students has been determined to be perhaps the most effective retention method, but teaching introductory courses with tenured or tenure-tracked faculty, as well as many of the other measures, is extremely costly.

In addition to the fact that in order to be effective retention programs are expensive, another complicating factor is that because of the far ranging reasons for dropping out, the best programs are locally shaped and responsive to specific institutional needs. It has been emphasized that there is no single dimension of retaining minorities because each ethnic group has its own issues and dynamics and that a successful program on one campus cannot merely be cloned for another. As a result, it is difficult to design programs across the state or even across systems. While retention programs are needed, any state money allocated to them would have to allow each individual campus to design its own programs, and accountability would be difficult to determine because there are so many different factors involved in a student's decision to remain in school.

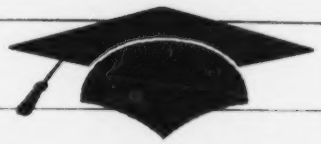
Since students are reported to drop out because they feel unprepared for college level work, remedial or "developmental" education courses have been offered in efforts at retention. Remedial education courses, tutoring, and support services carry a heavy cost to an institution. This is particularly true in Texas because the problem has been widespread. The THECB reported that in the 1993-1994 academic year, nearly 30 percent of freshman and sophomore students at two year and four year institutions received remediation services. In Texas, as noted above, remedial education is required for students who do not pass an entrance exam, but outcomes have not been high, leading to proposals this session to improve the programs. In New York, whether remedial education should be offered at all in higher education is being debated since it is the job of K-12 education to prepare students for college level work.

Other than retention programs, the primary determinant of increasing the graduation rate of minorities and low-income students is money. A bill introduced by Representative Cuellar did not embrace the recommendations of the TCRSB report, chaired by former Lieutenant Governor Hobby, except for a $500 million increase in student aid, to which Hobby apparently responded, "the appropriations bill is the most important bill and the rest is poetry." The other factor, of course, is how well K-12 schools prepare students to perform college level work. Many observers have noted that policies guaranteeing admission to a top percent of a high school class could prove much more effective in the long run at promoting diversity if the quality of the high schools improves. Improving K-12 education, of course, also requires money.

Although there is a budget surplus in Texas this session, a tax cut has been proposed, and large funding needs have been identified in K-12 education in addition to higher education outreach programs and financial aid. The decision to fund K-12 education as opposed to higher education depends somewhat on where the burden of preparing students for college and the workforce is placed. Although the state has been recognized for making significant gains in K-12 education with implementation of the accountability system, K-12 education would do a better job of preparing students if it could attract a uniformly high quality teaching force with better teacher salaries and provide all high schools with the resources to offer core curriculum courses. In addition, providing early education services and identifying students who need remediation or "accelerated" instruction in the early grades, as proposed by S.B. 1 and H.B. 2700, will help prepare future Texan college students. If universities are expected to conduct outreach programs to assist in preparing K-12 students and/or to provide students who need it with remedial or "developmental" education once they enroll in college, then higher education needs funding in order to accomplish those goals. Of course, these means are not mutually exclusive.

Regardless of whether students are prepared for and informed about college at the K-12 level or by higher education institutions, it remains clear that substantial additional funding for student financial aid grants, at least to reach the national average, remains necessary if more Texas citizens, particularly as the state reflects greater diversity, are to graduate from institutions of higher education.

Promoting diversity in higher education still presents a long-term challenge for Texas, and while Hopwood has taken away some of the tools to accomplish that goal, it has potentially provided some others by focusing attention on the great needs of the state in higher education. Although no single criterion or combination of criteria



will result in the same level of minority participation as using the criteria of race and ethnicity, even if the Hopwood restrictions cease to apply, improved K-12 education, increased student financial aid for higher education, and outreach and retention activities targeted to previously under-represented populations defined by socio-economic status and other factors can go a long way towards producing an educated diverse population in Texas. While steps have been taken in this direction and several pending proposals this session provide substantial increases for K-12 and higher education funding, given Texas' current low rankings and growing minority populations, success will require a serious ongoing commitment of resources.

*—Kate Neville, SRC*

# REFERENCES


**Reports**

Charles A. Dana Center, *Increasing Enrollment, Retention and Graduation in Texas Public Higher Education*, May 1998.

Comptroller of Public Accounts, *Disparity in Texas Higher Education: Recruitment, Admissions, Retention and Financial Aid*, Volume I and II, 1999.

Creech, Joseph D., *Southern Regional Education Board, State Funded Merit Scholarship Programs, 1999.*

Georgia Center for Social Policy, *Evaluation of the HOPE Scholarship Program, 1999.*

Higher Education Coalition, *Higher Education and the Future of Texas*, February 16, 1999.

Higher Education Coalition, *Back to Basics: Gaining the Competitive Edge*, 1997.

House Committee on Higher Education, *Interim Report*, 1998.

House Research Organization, *Texas After Hopwood: Revisiting Affirmative Action*, April 22, 1997.

LBJ School of Public Affairs Conference website, *Access to Higher Education in the Post- Hopwood Era*, January 28, 1999.

Legislative Budget Board, *Fiscal Size Up, 1998-9 Biennium, Texas State Services.*

Materials from Ray Grasshoff, THECB.

Materials from Gwen Grigsby, University of Texas.

Materials from Cathy Long, Texas Education Agency.

Materials from Margaret Heisel, University of California.

Materials from Bill Reaves, TEA and Texas A&M University.

Materials from Ellyn Perrone, Texas A&M University.

McKeown-Moak, Mary P., State Higher Education Executive Officers, *Financing Higher Education: An Annual Report from the States*, 1999.

Senate Special Committee on Hopwood and State Contract and Employment Practices, *Report to the 76th Legislature*, February 1999.

Senate Research Center, *Briefing Materials for the Committee on Hopwood State Hiring Practices and HUB's*, October 1997.

Texas Higher Education Coordinating Board, *Advisory Committee on Criteria for Diversity, Second Status Report*, January 16, 1997.

Texas Commission on a Representative Student Body, *Report*, 1999.

Texas Higher Education Coordinating Board, *Report on the Effects of the Hopwood Decision on Minority Applications, Offers, and Enrollments at Public Institutions of Higher Education in Texas, In Fulfillment of the Requirements in House Bill 2146 of the 75th Legislature*, November, 1998.

U.S. Department of Education, *National Education Longitudinal Survey* (NELS), 1988.

University of California Outreach Task Force, *New Directions for Outreach*, July, 1997.

University of Texas and Texas A&M University, *University Outreach Annual Report*, 1997- 1998.

University of Texas System, *Presentation to the Senate Finance Committee*, February 16, 1999.

**Phone Interviews**

Beck, Debbie, Legislative Budget Board.

Burnet, Chris, National Conference of State Legislatures.

Burt, Larry, University of Texas.

Dawson, Calvin, Learn & Serve America.

Garza, Augustine, University of Texas.

Grasshoff, Ray, Texas Higher Education Coordinating Board (THECB).

Grubb, Paul, Assistant Director of Access and Equity, THECB.

Heisel, Margaret, University of California.

Jeffrey, Kate, University of California.

# REFERENCES (continued)


**Phone Interviews**

Polkinghorn, Bob, University of California.
Reaves, Bill, Texas Education Agency and A&M system.
Rodriguez, Lynn, General Counsel and Director of Access and Equity, THECB.
Rodriguez, Esther, Association of State Higher Education Executive Officers.
Sayaverda, Leo, Texas A&M University system.
Vasey, Bill, California Department of Education.

**Articles**

"Affirmative Action Under Attack in Ohio," *Vital Signs*, Council of State Governments.
"Affirmative Action: Living Without It," *The Economist*, March 13, 1999.
"Nationwide Affirmative Action Legislative and Initiative Activity," Equal Rights Advocates website.
Bridges, Tyler, "Ballot Drive WIll Seek Affirmative Action Ban," *The Miami Herald*, March 15, 1999.
Bronner, Ethan, "Conservatives Open Drive Against Affirmative Action," *The New York Times*, January 26, 1999.
Center for Public Policy Priorities, Kids Count Project, "The Debate Over Dropouts: How Many Are There?" *Measuring Up: The State of Texas Education*, website, March 15, 1999.
Cooper, Danielle , "UT Could Receive Additional $25 Million," *The Daily Texan*, April 7, 1999.
Gorman, Siobhan, "The Four Percent Solution," *The National Journal*, March 20, 1999.
Greve, Michael S., "The Demise of Race-Based Admissions Policies," *The Chronicle of Higher Education*, March 19, 1999.
Healy, Patrick, "A Group Attacking Affirmative Action Seeks Help From Trustees and Students," *The Chronicle of Higher Education*, February 5, 1999.
Kasindorf, Martin, "UC Expected to Approve Four Percent Plan," *USA Today*, March 18, 1999.
Lee, Renee, "Opening the Lock to College Doors: State Leaders Look to Scholarships as Key to Higher Education Issues, *The Fort Worth Star Telegram*, January 29, 1999.
Mittra, Ayan and Danielle Cooper, "Committee OKs Scholarship," *The Daily Texan*, March 23, 1999.
Nickens, Tim and Peter Wallsten, "2000 is Targeted for Vote on Race," *St. Petersburg Times*, March 16, 1999.
Roser, Mary Ann, "Leaders Explore Ways to Expand College Diversity," *Austin American-Statesman*, January 29, 1999.
Terry, Don, "California Guaranteeing Some a Place in Universities," *The New York Times*, March 20, 1999.
Trotter, Andrew, "Teachers Propose Integrating Schools by Socioeconomic Status," *Education Week*, December 2, 1998.
Valentino, Jennifer, "Bill May Alter UT System Funding," *The Daily Texan*, March 30, 1999.

**Statutes**

Chapter 324, Item 10, 1998 California State Budget.
Texas Tuition Assistance Grant Program, Texas Education Code, Chapter 56, Subchapter G.
Uniform Admission Policy, Texas Education Code, Chapter 51, Subchapter S.

**Legal Decisions**

Hopwood v. State, 78 F.3d 932 (Fifth Cir. 1996).
Morales Letter Opinion L097-001, February 5, 1997.
Wessman v. Gittens, 1998 U.S. App. LEXIS 29805.


*The Texas Senate does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or the provision of services.*